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TODAY: STYLE Ship and Shore, Page 10

Which Approach to Pyongyang?

Seoul at Odds With Washington After Blocking Secret Deal

By R. Jeffrey Smith
Washington Post Service

WASHINGTON — For the past six months, the Clinton administration has been working to improve U.S. relations with the isolated and financially strapped regime in North Korea. American officials have privately offered to ease some trade sanctions, to help organize donations of humanitarian aid and to open the first U.S. diplomatic office in the North Korean capital, according to U.S. officials.

North Korea's Communist rulers, despite their often belligerent rhetoric and public disdain for the West, have been receptive to the U.S. offers and enthusiastic about the prospect of closer ties and eventual U.S. private investment in their country, the U.S. officials said.

In August, a North Korean official on a rare visit to Washington even told officials here that the regime would swallow a bitter pill that Washington demanded in exchange for assistance: He promised that his nation would participate for the first time in preliminary talks with the United States, China and South Korea about formally ending the Korean War.

But this delicate diplomatic understanding has never been carried out because of incidents that have sown new tensions on the Korean peninsula and provoked South Korean officials to pressure Washington not to take actions friendly to the North.

Some U.S. officials say South Korea's hostility toward the North has begun to pose as much or more of an obstacle to a reduction of tensions on the peninsula than any recent provocation by Pyongyang. Several officials said they worried that the government of Kim Young Sam, because of domestic political reasons, had become mired in antipathy to the North.

Although officials from Seoul and Washington have worked to promote a image of close rapport — largely to keep North Korean diplomats from concluding they could exploit any discord — the past six months have taken a toll on Washington's relations with Seoul, diplomats say.

Answering Washington's criticism of Seoul's hostility to the North, South Korean officials said the administration had fooled itself into believing that North Korea had become less dangerous.

"Some American officials think the South Korean government overreacts," one South Korean official said.

"They are wrong," he added, arguing that Washington cannot fully understand the fears of South Koreans who live "under the constant menace and threat from a neighbor 25 miles away from the capital."

The reported defection last week of a senior North Korean Communist Party official, Hwang Jang Yop, to the South Korean Embassy in Beijing was among the latest incidents to increase tensions between North and South Korea. On Saturday, two men shot and critically wounded another North Korean defector in a Seoul suburb. Last September, the appearance of the North Korean submarine along the South's coast raised hackles in Seoul.

At the core of the dispute over how to deal with North Korea is a broad debate about the significance of the country's extraordinarily poor harvests and severe flooding over the past two years, which many analysts say could

Korean Stand Eases

North Korea indicated for the first time that it might be prepared to accept the defection of a high-ranking official, and the South confirmed it would send food aid to the North. Page 4.

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Philippe Wojazer/Reuters

Foreign Minister Herve de Charette of France had a kiss Monday for Madeleine Albright upon her arrival at the Elysee Palace in Paris.

Albright And France Call End to Verbal War

Secretary of State Hopes to Bridge Gap Over NATO

By Steven Erlanger
New York Times Service

PARIS — Secretary of State Madeleine Albright and Foreign Minister Herve de Charette pronounced a working truce Monday night in the sometimes strained French-American relations, praising the two countries' long alliance and each making nods to the other's self-esteem.

Mrs. Albright made a point of speaking the language of the host country in her introductory statement and some of her answers, at one point suggesting, in French, that the next question go to a French reporter.

Mr. de Charette praised her as "a very great lady representing a very great country." He said that both countries agreed on the aims of NATO adaptation and enlargement and would work together amicably before NATO's summit meeting in Madrid in early July.

Mrs. Albright called bilateral relations "very solid and warm" and said: "When we work together, we can accomplish a lot. France and the United States are marching together down the road to Madrid."

She was also careful to say that Washington wanted to see France fully integrated into NATO, and that "the United States is very respectful of the European defense identity within NATO, and we want to work it out."

But U.S. officials say Washington will not give up command over the Sixth Fleet, despite a French demand that a European general run NATO's Southern Command.

Mr. de Charette played down, at least in public, a French suggestion for a five-party summit meeting in April with Russia and key NATO members — Britain, France, Germany and the United States. The suggestion has been criticized by other NATO members who were left out, including Italy, and was received with little encouragement from Washington. The Americans have said, as Mrs. Albright did again Monday night, that it was more important now to concentrate on the "substance" of a proposed NATO-Russian charter, and not the "process" of how and when talks go on with Moscow.

Mr. de Charette, in answer to a question, said the proposed conference "is but one of the ideas on the road to Madrid," but he did not exclude the

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AGENDA

Prodi Taunts Bonn on Euro

Prime Minister Romano Prodi traveled to Germany on Monday to strengthen Italy's case for admission to Europe's single currency.

But instead of quelling German fears, Mr. Prodi questioned Germany's commitment to the euro. "We see our future in Europe," Mr. Prodi said. "I don't know if that is the case in Germany."

Mr. Prodi warned that the exclusion of Italy could spark a competitive devaluation of the lira with harmful trade ramifications for the new currency bloc. Page 11.

Zaire Strikes by Air

Zaire's government confirmed Monday that its warplanes bombed three key rebel-held towns in its eastern provinces and that the raids would increase in intensity. Aid workers said at least nine people died in the air strikes. Page 6.

Speeding the Web

An Internet group says it has found the culprit behind the traffic jams on the World Wide Web: a faulty protocol in browsers and servers. New software will ease the problem, the group promises. Page 12.

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Bitter Kosovo Is Erupting in Anti-Serb Revolt

By Chris Hedges
New York Times Service

ORLLAN, Yugoslavia — Bajram Pajaziti walked solemnly down the hillside from his brother's grave, past a line of silent, motionless mourners, and stopped at the door of his father's small, whitewashed home to pull off his shoes.

It is a ritual he has repeated several times in this remote mountain village since his brother Zahir, 34, was killed on Jan. 31 with two other ethnic Albanians in Kosovo, a province of Yugoslavia.

The men, members of a guerrilla group called the Kosovo Liberation Army, died in a gun battle that left several police officers wounded.

Chafing under Serbian domination and angered after their autonomy was stripped from them six years ago, many of the 2.2 million ethnic Albanians who make up 90 percent of Kosovo's population have mounted a long campaign of peaceful civil disobedience.

But in recent weeks the confrontation with the authorities has turned violent, including a car bombing on Jan. 16 that severely wounded Radivoje Papovic, a hard-line Serb who is rector of the university in Pristina, the province's capital.

So Mr. Pajaziti's visit to the cemetery was a ritual that many in Orllan expect to become familiar as the government, stubbornly insistent that force can blunt the independence movement in Kosovo, struggles to put down a growing insurrection.

While the guerrilla movement remains embryonic, it appears to have wide support and poses an increasing threat to stability in Kosovo and to the security of its Serbian minority.

The Kosovo Liberation Army, which surfaced last year, issued a statement a few days ago identifying Zahir Pajaziti and his two colleagues as members.

The group is fighting to create an independent state here and has claimed responsibility for about a dozen assassinations of Serbian officials and Al-

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Mark Humphrey/The Associated Press

Tara Lipinski performing during the exhibition at the end of the U.S. Figure Skating Championships. Lipinski won the women's title at age 14.

Child Skating on Thin Ice

A Champion Must Cope With Stardom at 14

By Jere Longman
New York Times Service

NASHVILLE, Tennessee — An hour after 14-year-old Tara Lipinski of suburban Detroit became the youngest figure-skating champion ever in the United States it was announced that she had her own Web site on the Internet. Television appearances and magazine profiles were in the works. The tropical storm of her celebrity had become a hurricane.

"I think it will be normal," she said.

Her coach, Richard Callaghan, smiled at her naivete. "We'll talk later," he said.

On Saturday night, Lipinski accomplished one of the most technically difficult programs ever by a female skater, landing seven triple jumps, including an unprecedented combination of edge jumps. If she skates as flawlessly at the world championships next month in Lausanne, Switzerland, Callaghan said, "she can give anyone in the world a run for her money."

But Lipinski's overnight ascent from skating princess to ice queen again raised a number of questions about young girls who achieve fame and the potential for great financial rewards in such sports as figure skating, gymnastics and tennis.

The most immediate is this: Can Lipinski withstand the same pressures that wilted the 16-year-old defending champion, Michelle Kwan, in a four-minute attack of panic on Saturday night?

"It can be literally terrifying, the enormity of skating in front of all those people and on television," said Linda Leaver, who coached the 1988 Olympic champion Brian Boitano. "If you think about it and you fear failure, it can be absolutely paralyzing."

Lipinski's victory reflects a continuing trend toward young, athletic skating champions. Some in the sport lament that skating is coming to resemble gymnastics, whose female stars are gifted

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Phone Pact: The Exporting Of U.S. Values

By David E. Sanger
New York Times Service

WASHINGTON — For more than a half-century, the United Nations has been the main forum for the United States to try to create a world in its image, maneuvering with its allies to forge global accords about human rights, nuclear tests or the environment that Washington insisted would mirror its own values.

But in recent months, starting with small issues and progressing this weekend to an enormous one, the Clinton administration has begun to use a new institution — the World Trade Organization — to accomplish comparable ends. When the acting U.S. trade representative, Charlene Barshefsky, announced Saturday that the United States

NEWS ANALYSIS

had approved a huge accord to open the world's highly protected telecommunications markets to frenzied American-style competition, she made it clear that this agreement was about something far larger than commerce.

"The United States has effectively exported the American values of free competition, fair rules and effective enforcement," she said. In fact, exporting U.S. values, and turning America's passion for deregulation into a tool of foreign policy, is what the new agreement is all about.

The agreement empowers the WTO to go inside the borders of the 70 countries that signed it to review how quickly and effectively they are deregulating a key part of their economies.

That includes whether they are following through on their commitments to allow foreigners to invest in a business that countries from France to Japan to

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An Economic Donnybrook That's More Than Academic

By Louis Uchitelle
New York Times Service

CAMBRIDGE, Massachusetts — They have met only once since Paul Krugman returned last summer to the prestigious economics department at the Massachusetts Institute of Technology. It was a brief, accidental encounter among the file cabinets and secretaries' desks near Lester Thurow's office.

"We exchanged pleasantries," Mr. Thurow said. "He was telling someone about a trip he had made to the far south of Argentina, and I listened politely."

The small talk left so much unsaid. For the two men — from offices one floor apart that look out on the Charles River — are not so much colleagues as high-profile combatants in a struggle to explain the very nature of the national economy.

With all the authority of their profession, they have gone public with strikingly different explanations of an economic phenomenon bedeviling not only the experts, but everyone else, too.

Why have so many Americans fallen behind in the last two decades, while an affluent minority has so visibly prospered? Why has the resulting income gap become so glaring and persistent, even with six years of steady economic growth?

What Mr. Thurow and Mr. Krugman have done is translate into vivid metaphors, riffs of sarcasm and doomsday prose the dry, technical debate of their colleagues at a time when many Americans have taken sides, telling pollsters that they think competition from the rest of the world is the big cause of their income troubles.

For Mr. Krugman, representing the majority of economists, that view is wrong. The big culprit, he argues, is new technology at home, requiring so many well-paid, college-trained workers, and so few of the less skilled.

But for Mr. Thurow and other challengers of this view, the rapidly evolving global economy is indeed mostly to blame, with its hundreds of millions of low-wage workers sending what they produce to the United States and pulling down the pay of average Americans.

Mr. Krugman, 43, and Mr. Thurow, 58, are not alone in this debate. Politicians, pundits, historians, sociologists and Wall Street analysts have jumped in. Policy prescriptions abound: regulate trade, restrict immigration, levy higher taxes on the rich to subsidize the poor and improve educational standards in an attempt — perhaps vain — to make everyone highly skilled and well paid.

But Mr. Krugman, often described as a shoo-in for a future Nobel Prize, and Mr. Thurow, who became an MIT economics professor while Mr. Krugman was still a teenager in well-to-do Merrick, New York, have emerged as the loudest and most articulate public voices of the profession that, above others, should have answers.

As they go at it, never face-to-face — always in writing and public speaking, sometimes from the well of the same MIT lecture amphitheater, although on separate days — they offer very different versions of the economy, as if they were cardiologists differing over heart disease, with one citing stress as the primary cause and the other a fat-rich diet.

While serving as the defender of the mainstream viewpoint among economists, Mr. Krugman cultivates a firebrand image. He refers to "startlingly crude and uninformed" views of those he criticizes, often by name — Robert Reich, the former labor secretary, is a favorite target — or to experts who "offer a logic no more confused than usual." He included Mr. Thurow in that last epithet.

"He is too personal," Mr. Thurow said of Mr. Krugman. "He makes it hard to have a debate."

Mr. Thurow, on the other hand, offers broad declarations that go far beyond the equations, diagrams and mathematical models that are, in Mr. Krugman's view, the essence of respectable economics. Mr. Thurow, for example, offers sweeping statements about the impact of the global economy on Americans.

"Those with Third World skills will earn Third World wages," he declares, and "anything can be made anywhere on the face of the earth and sold ever where else on the face of the earth."

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Michael Quan/The New York Times

Paul Krugman, left, and Lester Thurow in their offices in Cambridge, Massachusetts. The economists declined to be photographed together.

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Sleeping Rough / **10,000 on the Street**

An Army of Homeless Rises Up in Tokyo

By Velisarios Kattoulas
International Herald Tribune

TOKYO — When *Yasumasa Ueno* left his native Kyushu in southern Japan 20 years ago, he never dreamed he would end up sifting rubbish for food or living in a cardboard shantytown.

"I've worked as a baker, a butcher, a bartender and on construction sites, but these days there isn't any work for people like me," said Mr. Ueno, 59, one of up to 10,000 mainly older men sleeping rough on the streets of Tokyo. "Most of the time I'm too busy looking for food to think about what's happening to me. But sometimes I feel like crying, and now and then I just want to die."

For years, affluent Japan prided itself on the tiny numbers of people living on its streets. Then, last January, it was given a vivid illustration that the armies of homeless people who line the streets of urban America and Europe were becoming a feature of Tokyo as well.

People were transfixed by images of homeless people hurling eggs and setting off fire extinguishers in clashes with the police sent to evict them from a cardboard shantytown near Tokyo's glistening town hall. There was nationwide outrage.

Tokyo's governor, Yukio Aoshima, who ordered the mass eviction to appease local shopkeepers, responded by vowing to take homeless people off the capital's streets. A temporary shelter had been built to house those evicted, and two permanent homeless centers are to be built by April 1998, with three more to follow.

Yet even as Tokyo city officials struggle to meet Mr. Aoshima's pledges, the number of homeless people is growing. And government officials, activists and academics say that homeless people may soon become a common sight under bridges, along rivers and in rail stations and parks not only in Tokyo but across Japan.

"We are afraid that what happened in the United States could happen in Japan as well," said Yoichi Yamamoto, director of Tokyo's Planning and Coordination Bureau.

In the early 1970s, there were relatively few homeless people on America's streets. But thousands lost their jobs and became homeless in the next 20 years as the United States underwent wrenching changes to keep up in the global economy. There are now up to 300,000 homeless Americans, with up to 100,000 people on the streets or in shelters in New York alone.

"We often talk about how to deal with the problem with officials in Osaka, Nagoya and Fukuoka where there are also sizable homeless communities," said Mr. Yamamoto, who is in charge of building the five shelters for Tokyo's homeless.

Each shelter will house 50 people for up to two months as they undergo health checks and receive help to find permanent work. "But recently we've started to get calls from officials in smaller cities as well," he said. "They're seeing homeless people on their streets for the first time. They don't know what to do, and so they call us for advice."

The first record of homeless people in Japan dates from the Nara Period in the 8th century, according to the National Museum of Japanese History. They remained a common sight in big cities for more than 1,000 years. But they largely disappeared between the early 1950s and the late 1980s, when Japan experienced its economic "miracle." Economic growth was so brisk there was work for everybody, even for the poor, ill, elderly and unskilled who form the core of today's growing homeless communities.

But since the collapse of real estate and share prices in the early 1990s, Japan has experienced its own acute economic changes, and the number of homeless people in Tokyo has risen by about fourfold, activists say. While low by international standards, Japan's unemployment rate is at a record high of 3.4 percent.



Velisarios Kattoulas/International Herald Tribune

Yasumasa Ueno in his cardboard home. 'It must have been much worse being homeless when Japan was poor.'

"People think that because somebody is homeless they don't want to work," said Hiroshi Ikeda of Shinjuku Renrakukai, an organization that fights for the rights of the 300 homeless people living in the biggest shantytown near Tokyo town hall. "But that's not true. Most people want to work. It's just that these days they don't get work more than two or three days a month, and that's not enough to keep you off the streets."

JAPAN'S homeless have been hit especially hard by the bankruptcy of scores of small construction companies since the collapse of real estate prices five years ago. As well as hiring unskilled laborers, such companies offered employees basic lodgings to make up for the low wages they paid.

So when they collapsed, people working there suffered a double punch: both their incomes and their homes were lost.

The small construction companies that survived and that still hire day laborers can now afford to be choosier about who they hire, and are.

Amid the continuing slump in the construction industry, they pick young Japanese or illegal immigrants from, for example, Pakistan or Iran because they will work longer hours and for less money than older Japanese.

Under Article 25 of Japan's constitution, all Japanese citizens are guaranteed "the minimum standards of wholesome and cultured living." For homeless people, however, this is little comfort.

"On the issue of homelessness, central government basically doesn't want to know," said Mr. Yamamoto, the Tokyo government official.

The Health and Welfare Ministry has said that regional governments should solve the alcohol, drug, physical and mental problems that homeless people often suffer from. In any case, the ministry has said it has no section to deal with homelessness.

The Labor Ministry is reluctant to help homeless day laborers find work because that would conflict with its attempts to stamp out small construction companies. Many reportedly have links with Japan's yakuza crime syndicates. Big city and local governments insist that central government should deal with homeless people because the bulk are from rural areas and therefore not the responsibility of urban taxpayers.

Japan does not have a tradition of charitable giving comparable to that of the West, either. The free rice balls and second-hand clothes on which many of Tokyo's homeless depend come mainly from Western church groups and U.S. servicemen stationed in Japan.

"For the past 40 years Japan has experienced rapid economic development, but the idea of social welfare has yet to take root, and socially it still remains very much a developing country," said Senzo Miyata, a sociology professor at Kibi International University. "With the economy in apparent decline, you can only assume that Japan's homeless problem is going to get worse."

THESE days, people living on the streets also find themselves the target of sporadic violence. In Osaka last month, a 25-year-old man was sentenced to six years in prison for throwing a homeless man to his death from a bridge in 1995. Police are still looking for five youths who beat and then lynched a homeless man in Yoyogi Park in central Tokyo last year. The police are also looking for a gang that last year wounded a homeless man when it dropped a slab of concrete from a bridge onto the tent in which he was sleeping.

"Under traditional Japanese thinking, people who cannot work and pay taxes are considered inhuman," said Mr. Ikeda, 32, the activist at Shinjuku Renrakukai.

Every Sunday evening for the past two years, Mr. Ueno has joined volunteers who patrol the area close to Tokyo's billion-dollar town hall. At least eight people have died in the area from the cold, illness or disease since November, and volunteers check to make sure nobody is seriously ill.

As Mr. Ueno walks around the affluent Shinjuku district in which he is a squatter, he wistfully points to buildings on which he worked when they were being built. A large electronics store, the Hilton Hotel, the town hall.

"I haven't had a day of work all year," he said. "But the worse thing about being homeless is that you never have enough underwear or socks because those are the two things people usually just throw away and never give to other people."

Otherwise, he said, life on the streets was not so bad. Mr. Ueno washes in public toilets. To earn money for the occasional bath or for gas canisters for his camping stove, he sells magazines he finds in trash cans.

To eat, he must rise at six every morning. He collects leftover rice from a sushi bar. He sifts through trash cans outside a supermarket for meat, fruit or other food that has been thrown out. And he returns to his shack where he heats up whatever he has found into a soup.

"Today, Japanese people are so wasteful at least there's always enough to eat," Mr. Ueno said.

"It must have been much worse being homeless when Japan was poor."

U.S. May Target Flowers In Colombia Drug War

Effort to Woo Farmers From Coca Fails

By Christopher S. Wren
New York Times Service

WASHINGTON — When Congress eliminated import duties on freshly cut flowers and many other products from some South American countries in 1991, it hoped to encourage farmers in Colombia, Bolivia and Peru to switch from drug production to legitimate crops.

Thanks to the Andean Trade Preferences Act, carnations, roses, chrysanthemums and other flowers have become Colombia's third-biggest legal export, after oil and coffee. Of $475 million in Colombian flowers exported last year, more than $371 million were sent duty-free to the United States.

But Colombia has also displaced Bolivia as the second-largest producer of coca leaf, after Peru. And diversification into opium poppies has made Colombia a serious rival to Asia in heroin production.

President Bill Clinton is scheduled to announce Feb. 27 which countries Washington believes have failed to cooperate with the United States in fighting illegal drugs, and there are signs that Colombia will not only flunk the annual review for a second year but also risks being hit where it hurts financially — in the flower beds.

Saying that the policy on duty-free exports has failed, two congressmen from California are pushing Congress to reimpose tariffs on Colombian flowers. Representative Tom Campbell, a Republican, and Representative Sam Farr, a Democrat whose constituents include flower growers, received a sympathetic hearing Feb. 4 from Barry McCaffrey, director of the Office of National Drug Control Policy at the White House.

At the meeting, Mr. McCaffrey told them that he would consider recommending to the president that he decertify Colombia again and remove the preferential treatment for fresh cut flowers, Mr. Campbell said.

"We're not asking for punitive treatment," Mr. Campbell said. "We're saying just remove the benefit, since it has not achieved what we wanted it to do."

He said that in the past he had supported tariff exemptions for Colombian flowers to encourage the country to substitute legal crops for coca leaf and opium poppies, though it hurt him with some constituents.

He has changed his mind. "I really do feel betrayed," Mr. Campbell said. "I walked the extra mile and stuck my neck out, and Colombia rewards me and the people in my district with more cocaine, not less."

Mr. Farr, whose district includes big flower farms in the Salinas Valley, said that tariffs should be reimposed on Colombian flowers to save American growers, who he said were being driven out of business.

The president is required to report annually to Congress about which countries the United States believes is responsible for the flow of illegal drugs. Last year, Colombia joined Afghanistan, Burma, Iran, Nigeria and Syria on the State Department's list of countries viewed as having failed to cooperate.

When a country is decertified it becomes ineligible for most American aid, and the president can also apply some trade sanctions and withhold investment credits.

The administration looks all but certain to decertify Colombia again this year because of its displeasure with President Ernesto Samper, who has been accused of taking nearly $6 million in campaign funds from drug traffickers. Mr. Samper has repeatedly denied the charges.

Robert Gelbard, the assistant secretary of state for drug matters, said Friday that "the government of Colombia has failed, in our view, to follow through on promised counternarcotics action," and had not taken concrete steps to show that it was fully confronting the drug interests.

Mr. McCaffrey, in an interview this month, said "Colombia is going to be a big problem." He asserted that "Colombians are hustling cocaine and heroin up and down the Eastern seaboard," and that jailed leaders of the Cali cartel "are still running the cartel with faxes and cellular phones."

But Mr. Farr said that the administration may not want to reimpose tariffs on Colombian flowers because their growers are viewed as influential business allies against Mr. Samper and the drug traffickers.

And business leaders in Miami say that reimposing the duties would directly jeopardize 5,400 jobs in southern Florida and indirectly threaten 10,000 more.

The State Department report last year assailed Colombia as "the center of the international cocaine trade" but also described Mexico as "the principal transit route for cocaine entering the U.S., as well as a major source country for heroin, methamphetamine and marijuana."

President Clinton certified that Mexico was cooperating with efforts to stop drug trafficking. But some law enforcement officials say that Mexico has become a worse problem than Colombia.

Israeli Vows Tighter Grip On Jerusalem

Reuters

JERUSALEM — Prime Minister Benjamin Netanyahu vowed Monday to strengthen Israel's hold over all of Jerusalem, saying he would decide within days whether to build a new Jewish neighborhood in the Arab east of the city.

Mr. Netanyahu returned from a visit to Washington to face accusations that he had promised President Bill Clinton he would freeze a plan to build 6,500 housing units at a site called Har Homa.

The controversy dominated news reports in Israel on Monday and overshadowed Israeli-Palestinian talks on implementing interim agreements signed since the peace deal in 1993.

Mayor Ehud Olmert of Jerusalem said he would send bulldozers to Har Homa to pave the way for construction if reports that Mr. Netanyahu had effectively killed the project proved true.

But Mr. Netanyahu said to reporters: "I am simply incredulous over the things I am hearing here. Someone is trying to grab headlines over nothing."

"I intend to convene the ministerial committee on Jerusalem for two meetings in the coming days and make all the necessary decisions," he said of the Har Homa project.

Mr. Netanyahu said the decisions would "better reflect our absolute commitment to Israeli sovereignty in Jerusalem in all parts of the city."

The Peace Now movement — which opposes Jewish settlement on land captured from Arabs in the 1967 Middle East war — said that building on the hill of pine forests, which is near the Arab village of Sur Bahir, would result in violence.

"Har Homa would be another Jerusalem tunnel," a spokesman for the group said. He was referring to clashes in September after Israel opened a new entrance to a tourist tunnel near Muslim holy sites in the city. Sixty-one Palestinians and 15 Israelis died in the fighting.

Mr. Netanyahu could face a revolt in his own Likud party and from rightist coalition partners if the project does not go ahead. "I see this issue of Har Homa as a watershed," Mayor Olmert said.

Binyamin Begin, a member of the Likud who quit the cabinet over the government's handover of most of the West Bank town of Hebron to the Palestinians last month, accused Mr. Netanyahu of "dividing Jerusalem." Mr. Netanyahu used the phrase as his rallying cry in defeating Prime Minister Shimon Peres in last year's national election.

The Palestinian Authority says Arab East Jerusalem will be the capital of a future state and has warned Mr. Netanyahu not to take any action in the city that would prejudice talks, scheduled to begin next month, on a permanent peace settlement.

Ex-Mexican President's Brother Is Tied to Trafficker

By John Ward Anderson and Molly Moore
Washington Post Service

MEXICO CITY — Raul Salinas de Gortari, the older brother of former President Carlos Salinas de Gortari, helped to arrange a $4 million payment that was intended to win the release of a drug trafficker detained on cocaine charges in 1993, according to U.S. documents cited by a Mexican magazine.

The weekly news magazine Proceso reported in its Sunday edition that the documents suggest other Mexican officials — including a former state governor and a top member of the attorney general's office — also were instrumental in arranging payments to protect drug traffickers.

Furthermore, an informant has told FBI investigators that he was present at "various social events" at a ranch owned by Raul Salinas that were also attended by drug dealers and Carlos Salinas, according to an alleged FBI transcript of the informant's statement.

Specifically, the informant contended that Carlos Salinas, while he was president of Mexico, went to parties at his brother's ranch that were attended by the former head of the Gulf drug-smuggling cartel, Juan Garcia Abrego, who was recently convicted in Houston of drug trafficking and money laundering. He received 11 life sentences and was ordered to pay $500 million in fines and forfeitures.

The informant told the FBI that President Salinas knew that Mr. Garcia Abrego was an important drug trafficker, the magazine said.

[A lawyer for Carlos Salinas said the former president might take legal action against those who spread accusations linking him and his family to drug lords, The Associated Press reported. In a statement published Monday, the attorney described the charges as "an ambush by foreign agents."]

It was not immediately possible to verify the authenticity of the documents presented by the magazine. The magazine translated the documents from English into Spanish and carried a photograph on its cover of what appeared to be U.S. court and FBI documents.

After seeing a copy of the picture, a spokesman for the FBI in Houston said the documents appeared to be authentic.

Proceso said large portions of the documents it obtained were deleted, raising question about the motives of the person, or people, who leaked them.

Ever since Carlos Salinas left office in late 1994, there had been a swirl of allegations and rumors that he, his brother, cabinet ministers and others in his administration had ties to drug dealers and protected them and their shipments in exchange for payoffs. Both Salinases have denied dealings with drug traffickers, and neither has been charged with any crimes or drug violations.

Raul Salinas, however, is now in prison on charges of "illicit enrichment," accused of hiding more than $120 million in Swiss bank accounts. The United States says it suspects that the money came from laundered drug proceeds.

The two documents cited by Proceso are part of a money seizure case in Houston involving Mario Ruiz Massieu, once a top prosecutor for the attorney general's office. U.S. officials are trying to confiscate about $9 million that he has in a Houston bank, charging that it is the proceeds of drug smuggling.

TRAVEL UPDATE

French Transit Strike Weakens

TOULOUSE, France (Reuters) — A public transport strike in French provincial cities weakened Monday after the police removed pickets in Toulouse and employers met demands for shorter hours.

In Toulouse, where the stoppage began Jan. 27, the police moved about 100 pickets blocking a bus depot shortly after dawn to let about 30 percent of buses run.

Other strikes, which stopped transit services in about 20 provincial cities, were still affecting Cannes, Clermont-Ferrand, Le Mans, Lille, Nice, Sete and Toulon for a 12th day. Drivers' unions are divided over whether to recommend a return to work after management met part of their demands last week. They were offered a cut in the working week to 35 hours with no pay loss, and retirement at 55 rather than 60.

Dispute Disrupts Flights From Fiji

SUVA, Fiji (AFP) — International flights out of Fiji by the national carrier Air Pacific were disrupted Monday as a dispute between the airline and its cabin crews continued for its fourth day.

An Air Pacific flight from Nadi to Osaka, Japan, was canceled Monday, and five of the airline's international departures from Nadi were disrupted over the weekend when flight attendants refused to work. The attendants want to renegotiate their hours.

Avalanches killed five skiers in the Swiss Alps over the weekend, the Swiss news agency ATS said. Five people were also killed by avalanches in the French Alps and Pyrenees, reports said. *(Reuters)*

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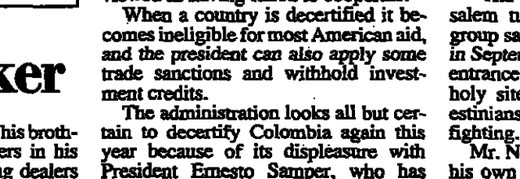
Europe

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Algarve	17/62	10/50 s	19/66	13/55 s
Amsterdam	7/44	0/32 r	6/43	3/37 c
Ankara	2/35	-6/21 sn	6/43	1/34 sh
Athens	11/52	4/39 sh	9/48	5/41 pc
Barcelona	14/57	6/43 c	13/55	9/48 s
Belgrade	3/37	-2/28 pc	2/35	-2/28 sn
Berlin	5/41	1/34 r	3/37	-2/28 s
Brussels	9/48	-1/31 r	8/46	4/39 c
Budapest	-1/31	-1/31 pc	2/35	-3/27 sn
Copenhagen	4/39	3/37 sn	4/39	0/32 pc
Costa Del Sol	19/66	10/50 s	20/68	13/55 s
Dublin	8/43	4/39 sh	12/53	1/34 r
Edinburgh	6/43	1/34 sh	6/48	-1/31 r
Florence	11/52	6/43 sh	11/52	2/35 s
Frankfurt	7/44	3/37 r	4/39	-3/29 pc
Geneva	7/44	-2/29 r	3/37	2/35 c
Helsinki	-5/24	-11/13 pc	-3/27	-6/18 s
Istanbul	7/44	1/34 pc	3/37	-4/25 pc
Las Palmas	22/71	17/62 s	24/75	17/62 s
Lisbon	14/57	11/52 pc	17/62	12/53 pc
London	7/44	2/35 sh	12/53	6/48 s
Madrid	16/61	4/39 pc	20/68	11/52 s
Mallorca	13/55	6/48 s	13/55	11/52 s
Milan	6/46	1/34 sh	7/44	1/34 s
Moscow	-1/30	-7/19 c	-6/16	-1/64 pc
Munich	6/43	-3/27 sn	2/35	-3/27 c
Nice	16/61	6/43 c	13/55	8/46 s
Oslo	0/32	-4/25 sn	-1/31	-4/25 pc
Paris	9/48	3/37 sh	9/48	7/44 s
Prague	6/41	3/37 sh	3/37	-2/29 sn
Reykjavik	4/39	-4/25 sn	1/34	0/32 sn
Rome	13/55	6/43 s	14/57	6/48 s
St. Petersburg	-7/20	-11/13 pc	-5/24	-10/15 pc
Stockholm	-1/31	-3/27 sn	-1/31	-4/25 sn
Strasbourg	8/46	-1/31 r	3/37	2/35 pc
Tallinn	-6/22	-10/15 pc	-4/25	-6/18 s
Venice	7/44	3/37 sh	9/48	0/32 s
Vienna	6/43	3/37 c	6/43	0/32 pc
Warsaw	2/35	0/32 pc	1/34	-5/24 sf
Zurich	8/41	-2/29 r	1/34	0/32 c

Middle East

Abu Dhabi	26/77	14/57 s	26/82	15/59 s
Beirut	17/62	12/53 pc	19/66	12/53 pc
Cairo	23/73	10/50 s	20/68	9/48 pc
Damascus	14/57	3/37 s	19/61	9/37 s
Jerusalem	14/57	4/39 s	15/59	4/39 s
Luxor	29/84	6/43 s	25/79	6/43 s
Riyadh	24/75	13/55 pc	24/75	13/55 s

Forecast for Wednesday through Friday, as provided by AccuWeather.



Jetstream · Unseasonably Cold · Unseasonably Mild · Heavy Rain · Heavy Snow

North America
The eastern third of the nation will remain quite mild through Friday. A storm moving up from the southern Plains will bring wet weather to the Great Lakes and East Friday. Unsettled in the Northwest Wednesday, then dry and turning milder in the West through Friday.

Europe
Near- to above-normal temperatures will prevail across much of the continent with Spain and Portugal being the warmest. Windy and unsettled weather will spread from London and Paris Wednesday into eastern Europe Thursday. Drier weather should return to western Europe by Friday.

Asia
Mainly dry and unseasonably mild weather will prevail in Beijing. Cold air will be poised over Manchuria and northern Japan, while Seoul and Tokyo are seasonable. A developing storm will bring unsettled weather to the Koreas Thursday and Japan Friday. Damp in Hong Kong.

North America

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Anchorage	1/34	-7/20 sn	-2/29	-9/16 pc
Atlanta	19/66	7/44 s	20/68	11/52 c
Boston	8/46	2/35 pc	13/55	2/35 pc
Chicago	12/53	3/37 c	10/50	2/35 sh
Dallas	18/66	10/50 s	18/64	7/44 t
Denver	9/48	-5/22 c	7/44	-4/25 pc
Detroit	10/50	3/37 pc	11/52	2/35 sh
Honolulu	27/80	19/66 pc	28/82	19/66 pc
Houston	22/71	13/55 pc	21/70	12/53 sh
Los Angeles	21/70	9/48 s	22/71	9/48 s
Miami	24/75	20/68 s	25/62	21/70 pc
Minneapolis	4/39	-5/22 pc	1/34	-3/27 c
Montreal	1/34	0/32 sn	7/44	-5/22 s
Nassau	24/75	21/70 pc	27/80	20/68 pc
New York	9/48	4/39 pc	10/50	6/43 pc
Orlando	25/79	14/57 s	27/80	17/62 pc
Phoenix	19/66	7/44 s	20/68	6/43 s
San Fran.	17/62	9/48 s	17/62	8/46 pc
Seattle	10/50	6/43 sh	11/52	3/37 sh
Toronto	4/39	3/37 sh	9/48	-1/31 pc
Vancouver	10/50	6/43 sh	9/48	-2/29 sh
Washington	12/53	4/39 pc	17/62	7/44 pc

Asia

	Today High C/F	Today Low/W C/F	Tomorrow High C/F	Tomorrow Low/W C/F
Bali	33/91	24/75 pc	33/89	24/75 t
Bangkok	33/91	22/71 pc	31/88	22/71 pc
Beijing	9/48	-4/25 s	10/50	-3/26 s
Bombay	28/82	14/57 s	29/84	14/61 s
Calcutta	29/84	19/66 s	27/80	14/57 pc
Chiang Mai	33/91	21/70 pc	31/88	19/66 pc
Colombo	30/86	22/71 pc	30/86	23/71 pc
Hanoi	18/64	13/55 c	18/64	14/57 c
Ho Chi Minh	34/93	23/71 c	34/93	23/73 pc
Hong Kong	18/61	12/53 c	17/62	13/55 c
Islamabad	19/66	3/35 s	19/65	4/39 s
Jakarta	28/84	24/75 t	29/84	23/73 t
Karachi	24/75	8/46 s	24/75	8/46 s
K. Lumpur	31/88	24/75 t	31/88	23/73 t
K. Kinabalu	31/88	24/75 t	30/86	23/73 pc
Manila	31/88	21/70 pc	29/84	19/66 c
New Delhi	24/75	6/43 pc	24/75	8/46 s
Phnom Penh	34/93	23/71 pc	32/89	23/71 pc
Phuket	33/91	23/71 pc	31/88	23/71 pc
Rangoon	33/89	22/71 pc	31/88	23/71 pc
Seoul	0/32	-9/16 pc	4/39	-4/25 pc
Shanghai	10/50	-2/29 s	11/52	2/35 s
Singapore	31/88	24/75 t	30/86	23/73 pc
Taipei	18/61	8/46 pc	18/61	11/52 pc
Tokyo	9/48	5/33 pc	9/48	1/34 pc
Vientiane	18/64	13/55 c	18/65	14/57 c

Africa

Algiers	19/61	6/43 pc	18/64	8/46 s
Cape Town	22/71	12/53 s	23/73	14/57 s
Casablanca	19/66	12/53 s	22/71	13/55 s
Harare	29/84	7/44 s	31/88	7/44 s
Lagos	31/88	23/73 s	31/88	24/75 pc
Nairobi	31/88	16/63 s	29/84	11/52 s
Tunis	13/55	6/43 pc	16/61	7/44 pc

Latin America

Buenos Aires	31/88	19/66 pc	26/79	16/61 c
Caracas	27/80	21/70 pc	28/82	22/71 c
Lima	25/82	21/70 t	26/82	22/71 c
Mexico City	23/73	7/44 pc	23/73	9/48 pc
Rio de Janeiro	27/80	20/68 pc	27/80	22/71 pc
Santiago	26/79	7/44 pc	28/79	9/48 s

Oceania

Auckland	21/70	19/66 sh	22/71	21/70 sh
Sydney	27/80	18/68 pc	28/79	19/66 s

Legends: s-sunny, pc-partly cloudy, c-cloudy, sh-showers, t-thunderstorms, r-rain, sf-snow flurries, sn-snow, Hce, W-Weather. All maps, forecasts and data provided by AccuWeather, Inc. © 1997

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THE AMERICAS

Shaken, Gingrich Strains to Reassert His Power

By Dan Balz and John E. Yang
Washington Post Service

WASHINGTON — A month after his reprimand for violating the rules of the House, Newt Gingrich has put in place a strategy to rehabilitate himself, personally and politically. But Republicans in and out of the chamber say the speaker's standing remains precarious and, if it has not improved noticeably by summer, he will have trouble remaining in power into the next Congress.

Mr. Gingrich's missteps since the House voted to reprimand him on Jan. 21, including a public outburst aimed at the news media and liberals three weeks ago, have further shaken the confidence of fellow Republicans, who have grown weary defending the speaker to their constituents.

"The well is dry," said a leading House Republican, who called the speaker's hold on power "tenuous."

Another Republican with close ties to the House said many of Mr. Gingrich's once-loyal followers distrusted his political instincts.

"They have no faith in his judgment," the Republican said. "They have no faith in his management. It's management by college professor in the House. They have no idea where we're headed."

The disarray among House Republicans was evident last week: They mustered fewer votes for term limits than they did two years ago; saw 44 of their colleagues defect to help President Bill Clinton win release of foreign aid for family planning groups, and could not push a constitutional amendment to balance the budget out of the Judiciary Committee, even though it is a cornerstone of their agenda.

His strongest supporters say Mr. Gingrich's condition, while difficult, is far from dire and predict that if he followed the plan for what one called "self-renewal," he will emerge as strong as ever.

That plan includes rebuilding relations among his colleagues in the House, speeches to friendly Republican audiences and, most important, a public demeanor of cooperation rather than confrontation — all of which were on display Saturday when the speaker addressed a party luncheon in his home state, Georgia.

"He's been through hell," said Representative Bill Paxon, Republican of New York and a staunch ally.

He cited the ethics battle and Democratic attacks throughout 1996. But he said Mr. Gingrich had "an unbelievable level of fortitude" that would carry him back to power, both as the leader of the House and as the articulator of a conservative vision for the party.

Another close friend said: "The truth is, Newt is a natural leader. He is the most optimistic person I know, bar none. He has a remarkably strong will and the ability to do the work required to get the job done."

The friend added: "Mentally he's in pretty good shape. Emotionally he's in pretty good shape. Intellectually he's in pretty good shape. He's a great student of history and understands the situation he's in now."

Despite those assets, some House Republicans worry that it is less a question of whether than when Mr. Gingrich missteps again. His outburst last month, the lawmakers said, illustrated his greatest weaknesses — his inability to discipline himself and to see the impact of his words and actions.

Concerns about Mr. Gingrich reflect a broader loss of confidence among Republicans about the direction of the party in the aftermath of President Clinton's re-election and the ethics controversy, in which the speaker admitted he had given false information to the ethics committee and failed to seek proper legal advice in setting up a college course financed with tax-exempt funds.

Mr. Gingrich agreed not only to accept a reprimand but also to pay a penalty of $300,000, an eye-catching punishment that transformed what his allies had been describing as a minor traffic violation into a major problem for the speaker and the rest of the party.

Mr. Gingrich still has not decided how to pay the penalty, and has made clear to some members that he is resisting recommendations that he use personal funds, rather than campaign contributions or a legal defense fund. He has complained bitterly that, despite the proceeds of his best-selling book, he cannot afford to use his own money.

His allies say the issue is in the hands of the speaker's lawyers and that he is concerned not only about his own situation but the precedent of his decision on cases in the future involving other members.

But other Republicans say his only political choice is to pay the money out of his own pocket. Many Republicans agree with the view of a House Democratic leadership aide who said last week, "Paying with campaign funds would be the end of him."

POLITICAL NOTES

Political Page-Turners Go Pop

WASHINGTON — It has been four years since Richard Ben Cramer produced what may be the best and is surely one of the longest political books of the decade, a 1,047-page opus on the psychology of presidential candidates entitled "What It Takes." His study of six contenders in the 1988 race enraptured critics and even sold modestly well.

Since then the White House and Congress have changed hands, Washington is still more Machiavellian, and he is hard at work on a new book. It's about Joe DiMaggio.

"Basically," Mr. Cramer said, "politics is out of vogue." At least, his swatch of it may be. Politics is following the rest of American culture, and going pop. So is political literature.

Twenty years ago, Washington politics generated a wave of sober-sided, brisk-selling reportage, including "Lyndon Johnson and the American Dream," by Doris Kearns, and Carl Bernstein's and Bob Woodward's coda to Watergate, "The Final Days," among many others.

A handful of their progeny made The New York Times' best-seller lists last year. But what did readers devour? Comedians (Al Franken, "Rush Limbaugh Is a Big, Fat Idiot," 23 weeks); scandal-mongers (Gary Aldrich, "Unlimited Access," 19 weeks); celebrities (Colin Powell's "My American Journey," 20 weeks); soundbite pamphleteers (James Carville's paperback "We're Right, They're Wrong," 25 weeks). And slickly promoted satire ("Primary Colors," Anonymous, 25 weeks). In other words, politics lite. *(NYT)*

Frisson Over the Stripping Desk

WASHINGTON — There was a minifrenzy among the White House press corps when reporters spotted a reference in the mountain of papers released on the CIA director-designate, W. Anthony Lake, to something called the White House "stripping desk."

"Stripping?" In the Clinton administration? It could be anything. The White House spokesman, Michael McCurry, was asked about it but said he wasn't sure what it was.

The reporters wanted him to investigate further. He explained later that the "stripping desk" was located in the Office of Records Management and referred to the process in which editing changes and internal notes on documents and letters are cleaned up and taken off before the documents are issued. No feather boas involved.

"For such a suggestive title," he said, "it's a somewhat unromantic office." *(WP)*

Quote/Unquote

Robert Sklar, professor of cinema at New York University, on recent movies that portray the diminished dignity and aloofness of the American presidency: "You can't have a president playing the saxophone and talking about his underwear without some loss of dignity." *(AP)*

Away From Politics

- An Atlas rocket put into orbit a Japanese satellite designed to beam voice, data and television signals to Japan and other nations across the Pacific. *(AP)*
- Reporters and editors at The Detroit News and the Detroit Free Press approved an unconditional offer to end a 19-month-old walkout. Other unions agreed earlier to end the strike. *(AP)*

Panel Widens Probe Of Campaign Funds

By Robert D. Hershey Jr.
New York Times Service

WASHINGTON — The Republican who heads the investigation by the House of Representatives into influence peddling by foreigners has announced that his panel is sharply expanding its scope.

Dan Burton of Indiana, chairman of the House Committee on Government Reform and Oversight, said Sunday on NBC that the investigation was "going to be much broader than I would like."

"We thought initially we were going to just have to interview or depose just a few people," he said. "We now have over 500 people that we may have to talk to."

Asked whether John Huang, a former fund-raiser for the Democratic National Committee and one-time Commerce Department official, had compromised his top-secret security clearance, Mr. Burton said this was one thing his panel wanted to examine. Mr. Burton said that Mr. Huang "was working very closely" with interests of the Riady family in Indonesia, by whom he was once employed, as well as "some people in the Chinese government."

"We're going to look into every area where there is a possibility of illegal activity as far as influence peddling, illegal contributions, possible involvement of White House personnel and things like that," Mr. Burton said.

He said he signed 20 subpoenas Saturday night after sending out five during the week as part of an inquiry that has already requested documents from 60 people. He declined to identify the subjects of the subpoenas, but said the panel planned to conduct thorough "spade work" before it convened hearings, probably not until April or May.

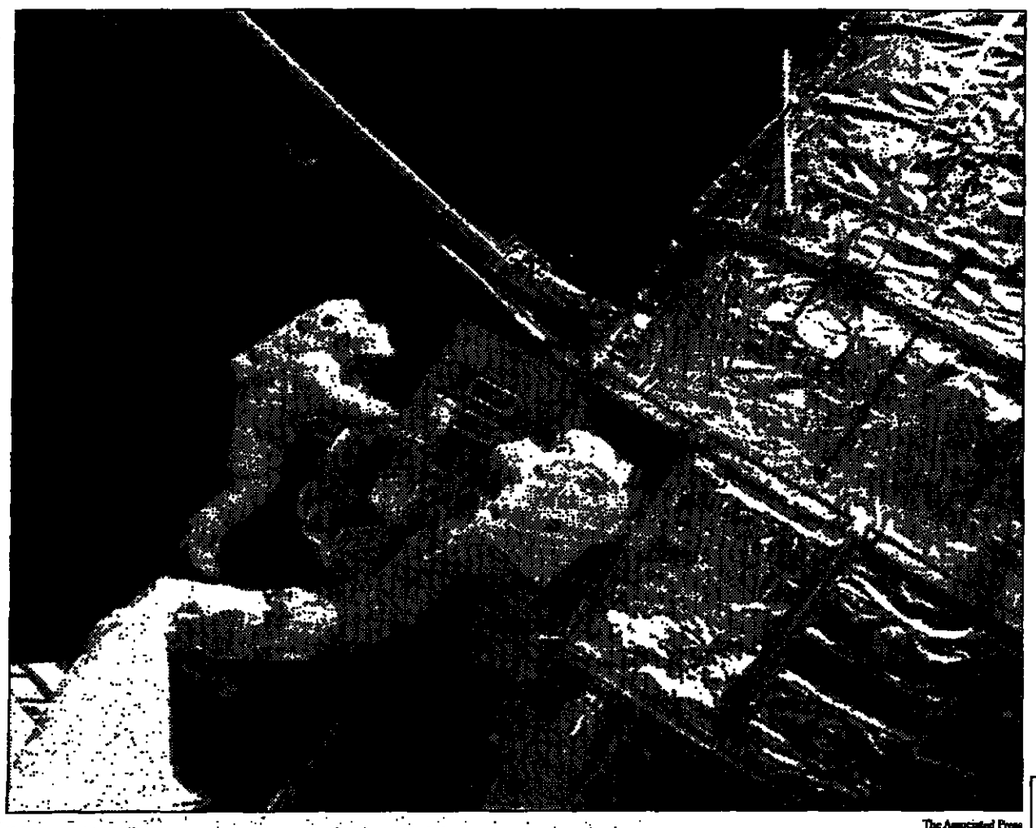
A White House aide, Lanny Davis, denied later that the administration's foreign policy had been influenced by campaign donations.

"There's no governmental actions affected by contributions to this president," Mr. Davis said.

More specifically, Mr. Davis dismissed implications contained in an article Sunday in The Washington Post (IHT, Feb. 17) that the administration had shifted its position on immigration and federal labor rules in Guam after a stop there by Hillary Rodham Clinton in September 1995 was followed within weeks by hundreds of thousands of dollars in cash and "soft money" donations from Guam to the Clinton-Gore campaign and the Democratic National Committee.

Mr. Davis said, "Cause and effect isn't established by a headline or by allegations."

The Interior Department official responsible for the policy toward Guam, he added, "has said that that policy was evolving and, in fact, had been determined way before contributions had been contributed."



The Associated Press

Joe Tanner, left, and Greg Harbaugh working Monday on the Hubble telescope in the shuttle's hold.

Astronauts Patch Up the Hubble's Torn Skin

Reuters

JOHNSON SPACE CENTER, Texas — Spacewalking astronauts finished upgrading the Hubble Space Telescope on Monday and began patching up the telescope's peeling, sunburned skin.

NASA officials ordered repairs to rips in the silvery insulation that protects the telescope's insides from extreme temperature swings in orbit.

Engineers were concerned that electronic parts could overheat if nothing was done before the shuttle's next service call, scheduled for December 1999.

The astronauts Greg Harbaugh and Joe Tanner made the last of 10 upgrades to Hubble, installing a new control box for the telescope's solar panels and fitting covers over magnetic sensors.

They rode on the end of the shuttle's robot arm to reach the top of the four-story telescope for their final task.

The astronauts quickly completed the covering of the box-shaped sensors with new thermal covers.

With the last task of their $350 million service call done, the astronauts then patched up two insulation tears near the top of the telescope.

AFL-CIO Chief Gambles All on Recruiting New Blood

By Steven Greenhouse
New York Times Service

LOS ANGELES — Having roused the torpid AFL-CIO in his first year as president, John Sweeney is preparing an ambitious all-out gamble to save the labor movement from further decline by shifting its focus to recruiting new members.

In moving the federation's emphasis toward organizing and away from politics, its thrust of last year, Mr. Sweeney hopes to reverse a 20-year slide in union membership, a trend that labor leaders see as a cancer that has sapped their strength in politics and at the bargaining table.

Mr. Sweeney was preparing Monday to propose at the AFL-CIO's winter meeting here a $60 million advertising effort to burnish labor's image and a campaign to reach out to working women. He will also pledge to spend more than $2 million on labor's two biggest recruiting drives: organizing 20,000 strawberry workers in California and tens of thousands of construction, hotel and health-care workers in Las Vegas.

Outlining goals that some labor experts call overly optimistic, Mr. Sweeney said in an interview: "We're not going to double our membership in the short term. But if we turn around the decline in members and create a focus on organizing and set modest goals of some growth every year, whether it's 3 or 4 percent, over the long term we will build a stronger labor movement."

In the four-day meeting, the labor leaders, meeting in an urban center instead of their traditional locale, a beach resort, will hear Vice President Al Gore discuss the labor standoff at American Airlines and refine their legislative agenda.

Mr. Sweeney is undertaking his new organizing effort after a relatively successful first year as president of the largest U.S. labor organization. The federation has raised its profile, pushed Congress into raising the minimum wage and excited college students about labor by enlisting more than 1,000 of them as summer interns.

In addition, the federation spent $35 million to make itself a force in politics, although its campaign efforts failed to achieve labor's big goal of returning the House to Democratic control.

Some labor experts caution that Mr. Sweeney's success at reawakening the American Federation of Labor and Congress of Industrial Organizations, an umbrella group that has 13 million members, was child's play compared with the task of recruiting millions more workers to unions.

"It will be 100 times harder," said Gregory Tarpinian, president of the Labor Research Association. "It will be the basis by which Sweeney is judged."

The number of union members nationwide dropped by 92,000 last year and by 388,000 the year before; the percentage of American workers in unions has sunk to 14.5 percent, compared with 35 percent in the 1950s. With the work force growing by about 2 million people a year, unions will have to add 400,000 new members a year to keep from falling further behind — a tall order considering labor's recent slump and the crusade by many firms to keep out unions.

Talking about the federation's big gamble to increase its numbers, Richard Freeman, a labor economist at Harvard University, said: "If they don't organize beyond the rates in which they've been organizing people, they're captains of a sinking ship. One of Sweeney's great strengths is he's addressing the idea that organizing is the lifeblood of the union movement."

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GERMANY*	DEM	182	72	60%
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GREECE	DR	18,200	9,100	50%
IRELAND	IR£	52	26	50%
ITALY	ITL	145,600	58,000	60%
LUXEMBOURG	LFR	3,3800	1,350	60%
NETHERLANDS	NLG	195	78	60%
NORWAY	NOK	832	390	53%
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SWEDEN	SEK	832	350	58%
SWITZERLAND	CHF	166	66	60%
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ASIA/PACIFIC

In Korean Crisis, North and South Appear Ready to Lower the Tension

Compiled by Our Staff From Dispatches

SEOUL — North Korea indicated Monday for the first time that it might accept the defection of Hwang Jang Yop, the high-ranking North Korean official who has taken refuge in the South Korean Consulate in Beijing, and Seoul said it still planned to send food aid to its adversary despite the standoff.

"Our stand is simple and clear," a North Korean Foreign Ministry spokesman said. "If he was kidnapped," then "we will take decisive countermeasures. If he sought asylum, it means that he is a renegade and he is dismissed."

Chinese police guarding the consulate relaxed visibly Monday after North Korea indicated it could accept the official's defection.

North Koreans, who had kept a very public, round-the-clock vigil around the consulate since last week, withdrew about midday.

In another sign that the two Koreas may have turned the corner in the latest crisis in their relations, South Korea said it would send food aid and nuclear technicians to North Korea despite the tension over the shooting of a prominent defector Saturday in Seoul and the Beijing standoff involving Mr. Hwang.

"Our policy is to send the survey team regardless of the tense situation," said Ban Ki Moon, President Kim Young Sam's national security adviser, referring to the nuclear team.

He also affirmed that his government would respond to an international appeal to ship food to the North, which faces a severe food shortage after widespread flooding.

Mr. Hwang, a key Communist theoretician and former tutor of North Korea's leader, Kim Jong Il, is the highest ranking North Korean to seek asylum in the South.

The North Korean spokesman, who spoke on customary condition of anonymity, told Pyongyang's official Korean Central News Agency that the North had asked Beijing to investigate Mr. Hwang's "disappearance."

"The comment seems to imply that North Korea will accept it if independent parties, like the UN High Commissioner for Refugees, rules that Hwang is a political defector," said Kang Ho Yang, spokesman for Seoul's Unification Ministry.

Mr. Ban, the security adviser, said South Korea had reviewed its overall policy toward the North following the attack Saturday on the North Korean defector in Seoul.

Lee Han Young, 36, a nephew of a former wife of the North Korean leader, was shot and critically wounded. South Korean police continued their investigation Monday but said they had no definite evidence proving North Korean involvement in the shooting.

But Seoul officials believe that Pyongyang ordered the attack as revenge for the defection of Mr. Hwang, 73, a member of its highest decision-making body, the Central Committee of the ruling Workers Party.

Security around South Korea's ports, airports and other public places had been beefed up, and 10,000 police and soldiers searched for the two suspected agents who shot Mr. Lee.

The police found two shells from a Belgian-made Browning pistol, a weapon they say is often used by North Korean agents.

The South Korean foreign minister, Yoo Chong Ha, said problems stemming from Mr. Hwang's defection were just the start of headaches for Seoul because of a crisis in the North.

"I believe the North Korean regime's crisis will deepen as time passes because there's no likelihood of improvement in its economic hardship and food shortages, and signs of laxity in its social order," Mr. Yoo told a meeting of South Korean diplomats.

"The North's reprisal has pushed us into a dilemma," Mr. Ban told South Korean reporters. But he said his country would accept a United Nations appeal for fresh humanitarian aid for North Korea, as well as sending the team of nuclear technicians to survey a site in North Korea where two light-water reactors will be built under a 1994 U.S.-North Korean accord.

But he added that the departure of the 30-member team, originally set for next Sunday, could be delayed by "a few days."

The tense standoff over Mr. Hwang's defection had threatened the accord, aimed at freezing North Korea's nuclear program, which is suspected of being used to build atomic bombs.

After the weekend attack on Mr. Lee, South Korean newspapers reported that Seoul might cut off aid to the North and cancel plans to send the nuclear survey team. Seoul is a key financial backer of the $5 billion reactor project.

China faces a dilemma in deciding whether to allow Mr. Hwang to leave for South Korea. It does not want to infuriate North Korea, a longtime ally on whose side it fought in the 1950-53 Korean War. But it also has diplomatic relations with South Korea and wants to encourage growing commercial ties.

The U.S. secretary of state, Madeleine Albright, said Monday in Bonn before going to Paris that she was "very concerned" about tensions between South and North Korea.

Mr. Hwang's defection and the shooting in South Korea "underline the importance of trying to establish a dialogue" between the two Koreas, she said. She will visit both Seoul and Beijing next week as part of her around-the-world tour. *(AP, Reuters)*

Pakistan's Signal to India

Taking Oath, Prime Minister Is Conciliatory

The Associated Press

ISLAMABAD, Pakistan — Lawmakers gave the Pakistan Muslim League an overwhelming vote of confidence Monday in a secret ballot that confirmed Nawaz Sharif as Pakistan's new prime minister.

Mr. Sharif's centrist party received 177 votes. The party of his rival, *Benazir Bhutto, received just 16 votes.*

In a ceremony at the presidency, Mr. Sharif took the oath of office as Pakistan's 13th prime minister. President Farooq Leghari, who administered the oath, promised to cooperate with the new prime minister.

"I am happy over the successful completion of the constitutional process," said Mr. Leghari, the man who dismissed Miss Bhutto's government and paved the way for the Feb. 3 elections.

In his inaugural speech to Parliament, Mr. Sharif took a conciliatory approach. He vowed to root out corruption and to try to move Pakistan beyond the political bickering that has marked previous governments.

He even offered an olive branch to Pakistan's old enemy, India, with which Pakistan has fought three wars in the past 50 years. "There is a need for reconciliation in South Asia," he said. "The initiative has to come from both sides, but we will take one step forward, and we hope India will reciprocate."

■ India Offers to Resume Talks

India congratulated Prime Minister Sharif on taking office and said it wanted to resume peace talks on a wide range of issues, including the dispute over Kashmir, Reuters reported from New Delhi.

"I wish you success in the heavy tasks that lie ahead," Prime Minister H.D. Deve Gowda said in a letter to Mr. Sharif.

During and after the general elections Feb. 3, Mr. Sharif had said he favored the resumption of bilateral talks.

"I reciprocate your sentiments in full measure," Mr. Deve Gowda said, adding that India sought "an early resumption of dialogue between our two countries, at appropriate level."

Talks broke down in January 1994 over deep differences on the issue of the Himalayan region of Kashmir. India says the region is an integral part of its territory. Pakistan has insisted that the people of Kashmir should be allowed to vote on whether to join Islamic Pakistan or Hindu-majority India.

"We are ready and willing to have wide-ranging comprehensive talks on all issues of mutual concern," Mr. Deve Gowda's letter said.

A Foreign Ministry official said: "You might construe that the prime minister is suggesting that Kashmir could be one of the issues to discuss with Pakistan."



Mustansir Pasha/Reuters

Nawaz Sharif after being approved by the Parliament on Monday.

BRIEFLY

Beijing-Manila Defense Talks

MANILA — Defense Minister Chi Haotian of China called Monday for closer cooperation between the armed forces of China and the Philippines in talks with his counterpart, General Renato de Villa.

General de Villa said General Chi was pleased with the "very strong" relations between the two armed forces.

"He is proposing that we do some more activities together along this direction," General de Villa said. But the issue of the two countries' rival claims to the disputed Spratly Islands was not discussed and would be left to the foreign ministries, General de Villa said.

The Spratlys are a cluster of potentially oil-rich isles, reefs and shoals in the South China Sea that are claimed wholly or in part by the two countries as well as by Taiwan, Vietnam, Malaysia and Brunei. *(Reuters)*

New Inquiry Into 'Hanbogate'

SEOUL — The South Korean Parliament formally began a fresh inquiry Monday into the collapse of Hanbo Steel & General Construction Co. following opposition accusations that prosecutors are not revealing all they know about the scandal.

The speaker of Parliament, Kim Soo Han, accepted a request by South Korea's three main parties that the National Assembly form a committee for a 45-day investigation.

"We will shed light on the real truth of 'Hanbogate,'" said Cho Se Hyong, a member of Parliament from the main opposition National Congress for New Politics.

The steelmaking flagship of Hanbo Group was declared insolvent Jan. 23 after racking up 5 trillion won ($5.8 billion) in loans. Opposition parties have accused prosecutors of trying to wind down their investigation without identifying the people who pressured banks into offering the loans. *(Reuters)*

China Officials to Visit Taiwan

TAIPEI — A group of senior Chinese officials is scheduled to arrive in Taiwan on Thursday for an eight-day visit in a sign that strained relations between Taipei and Beijing are easing, the Taiwan hosts said Monday.

The 30-member delegation would include Wang Xiaomin, the daughter-in-law of Wan Li, one of China's most influential elders and a Politburo member, said Chinese Youth International of Taiwan, the group that is sponsoring the visit.

"We invited them for a visit in order to promote understanding and cultural exchanges between the two sides of the Taiwan Strait," said a spokesman for the organization, a private nonprofit group.

The spokesman said the Chinese group would visit cultural, educational and scientific establishments, and exchange views with local scholars and experts. *(Reuters)*

For the Record

The Indian government has decided to stick to the traditional city names of Bombay and Madras rather than adopt local versions, The Times of India said Monday. It said Mumbai — Marathi for Bombay — and Chennai — Tamil for Madras — were creating confusion abroad and affecting business. *(AFP)*

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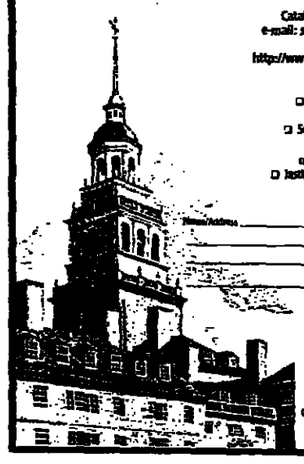
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EUROPE

French Face Off Over Immigration

Juppe Says Opponents of Restrictions 'Undermine Democracy'

By Barry James
International Herald Tribune

PARIS — More than 3,000 filmmakers, writers, actors and academics have signed petitions protesting a government bill against illegal immigration, provoking a warning from Prime Minister Alain Juppe of France on Monday that they were playing into the hands of the extreme right National Front.

The artists and intellectuals said that they would flout the proposed law, which is aimed at preventing French citizens from giving hospitality to illegal immigrants, and that they were planning a demonstration Saturday in Paris.

But Mr. Juppe said, "These are serious acts because they undermine the state and democracy," and he asserted that critics of the measures were "doing the work of those who advocate xenophobia."

Senior government officials argued that by not cracking down on illegal immigration, the government opens the way for the National Front, which talks of expelling millions of foreigners.

Mr. Juppe said the protests were a blow against the government's policy of integrating foreigners because they failed to distinguish between legal and illegal immigration.

France is required by the Schengen agreement, signed by several European Union countries, to prevent undocumented immigrants from entering the country. Mr. Juppe said legal immigrants would still be welcome in France.

The government bill reinforces a law introduced by decree by the previous Socialist government in 1982. That decree requires foreign visitors who need visas to obtain a certificate from those offering them hospitality in France, unless they can prove they have enough money to pay for their visit.

Opponents of the bill have drawn parallels between that requirement and the wartime Vichy regime's order for French citizens to report if they were giving hospitality to Jews.

Mayor Jeannette Gaschard of Maironnes said that the law would turn citizens into "potential police officers" and that she would disobey it.

The measures will not apply to anyone coming from countries whose citizens do not require visas to enter France, including permanent residents of the European Union and the United States.

Many of those who have signed the petitions also took part in the campaign to prevent the expulsion of undocumented immigrants from a Paris church last year. The movement of civil disobedience coincides with the National Front's victory in municipal elections in the southern town of Vitrolles a week ago. The Front now controls four southern towns and hopes to bolster its standing in legislative elections next year. It announced Monday that it would oppose both legal and illegal immigration.

France has more than 4 million legally resident foreigners and an estimated 1 million illegal immigrants. Its traditional policy has been to assimilate foreigners, and one of every four French citizens can trace ancestry to at least one grandparent born abroad.

Although the Socialists bear the responsibility of introducing lodging certificates for foreigners, the party's leader, Lionel Jospin, said the government was altering a measure that was originally intended to ensure that visitors were properly received. The new proposal, he said, would turn citizens into informers.

Mr. Jospin urged Mr. Juppe to reconsider, and said that if the bill passed the National Assembly next week, the Socialists would challenge it on constitutional grounds.

Mr. Juppe responded that he would not retire the measure, saying it was a balanced approach to the problem of illegal immigration.



Wolfgang Rattay/Reuters

SENDING A MESSAGE — German postal workers protesting Monday in Bonn against the plans of Economics Minister Guenther Rexrodt to privatize the mail service. About 20,000 workers joined the protest.

Spain Resumes Talks With Truckers as Strike Eases

Compiled by Our Staff From Dispatches

MADRID — The Spanish government resumed negotiations with striking truck drivers Monday as the economic impact of the 12-day-old stoppage slowed.

Commerce and traffic were returning to normal, with security forces guaranteeing free movement on the roads, officials said.

"The country is totally normal," a government official said.

Some automakers in Spain and elsewhere were forced to cut back or halt production Monday for lack of parts because of the disruption of traffic last week.

A spokesman for Volkswagen AG said the elimination of two special weekend shifts at the Wolfsburg plant in Germany had allowed the company to maintain a normal production schedule Monday despite a parts shortage there because of the strike in Spain.

A Volkswagen plant in Spain's Navarre region also stopped production Monday because of a lack of supplies.

By Monday, Civil Guards had unblocked ports and main thoroughfares in northern Spain, the region hardest hit.

Under government orders to guarantee free circulation of traffic, security forces escorted any truckers who requested protection for fear of retaliation from strikers parked on highway shoulders.

But a foreign trucker was seriously injured Monday in a clash with strikers in northern Spain.

The driver, reportedly from Portugal, was hit in the face by a stone thrown from picket lines at Baracaldo, near Bilbao, according to a police spokesman.

Truckers' tires were slashed at Basauri, just south of Bilbao. In the neighboring province of Guipuzcoa, three people were arrested, one with a carload of stones heading for the blockades.

Markets that had been emptied of produce by late last week were full again Monday, the Agriculture Ministry said.

Taxi drivers had threatened to join the strike Monday, demanding the same improvements in working conditions and lower fuel prices that the truckers want. But only small demonstrations and partial stoppages were reported.

In Barcelona, drivers stopped work for six hours and blocked some roads.

In Madrid, about 200 taxis obstructed a main road to demonstrate in front of the Transport Ministry.

The truckers' organization leading the strike, Fedatrans, was expected to submit a document to the government outlining the truckers' main disagreements and proposals to overcome them.

The main hurdle in the talks is the truckers' demand for early retirement — at 60 instead of 65.

Newspaper reports said some strikers who are not members of Fedatrans were abandoning the strike.

Nevertheless, the economic secretary of the Catalan regional government, Macia Alavedra, warned Monday that the strike could ruin the government's efforts to reduce inflation. A drop in inflation is needed to qualify for entry into European monetary union in 1999. Spanish inflation for January fell below 3.0 percent for the first time in 28 years. *(Reuters, AFP)*

Now Bulgaria Wants to Join NATO

The Associated Press

SOFIA — In a major turnaround, Bulgaria's new government announced Monday that the former Communist country wants to join NATO.

"The caretaker cabinet decided to state the country's desire for full membership in the North Atlantic Treaty Organization," the state-run BTA news agency quoted Foreign Minister Stoyan Stalev as saying.

It was the first time since the collapse of communism in 1989 that any Bulgarian government has declared the country's desire to join NATO. Bulgaria was the closest to Moscow of any Soviet-bloc country and even after the collapse of communism was at best ambivalent about joining the defense alliance.

The BTA report said that the government had entrusted the foreign and defense ministers to draft preparations to join NATO.

The move reflects a policy turn under Bulgaria's new president, Petar Stoyanov, an ardent supporter of his country's accession to NATO and the European Union.

Mr. Stoyanov appointed the present caretaker government last week after convincing the Socialists, the renamed Communists, to cede power and agree to early elections in April.

The anti-Communist opposition is expected to win a parliamentary majority.

KOSOVO: *Seeds of Rebellion*

Continued from Page 1

banian "collaborators." As a result, the Yugoslav Army in Kosovo has been reinforced with anti-terrorist units, government officials said.

The guerrilla group remains shadowy. State security officials say the core of the Kosovo Liberation Army and that of a smaller group, the National Movement for the Liberation of Kosovo, are made up of mercenaries who fought with Muslims against the Bosnian Serbs in the war in Bosnia-Herzegovina. The ethnic Albanians here, as in Albania, are predominantly Muslim.

Many of the insurgents, who have built an organized base of 40,000 supporters, have received training in Albania, Iran and Pakistan, the government officials say. The guerrillas, they assert, also receive money from militant Islamic groups in the Middle East.

"These terrorist groups are well trained and well equipped," said Milos Nesovic, the top government administrator in the region. "The police have just broken a terrorist cell with dozens of armed militants. They found automatic weapons, explosives and sophisticated communications equipment.

'There is no antipathy by many Albanians to armed resistance or the use of violence.'

"We know these terrorists have trained abroad and receive money from exile groups in Germany and Switzerland. They attack police and murder Albanians who are loyal to the state. But I warn the Albanians that if they support an armed rebellion, they will pay very dearly for their mistake."

Western diplomats say President Slobodan Milosevic of Serbia bears much of the blame for the crisis here. He used what he called the persecution of the roughly 200,000 Serbs here by the Albanians as a rallying cry to build a nationalist state a decade ago and touch off the wars in Croatia and Bosnia.

In 1989 he stripped Kosovo of the autonomy that it had under the old Communist government of Yugoslavia and declared a state of emergency. Later he mounted an abortive campaign to resettle ethnic Serbian war refugees in the region, and he has put Serbs in charge of all government offices, state factories and institutions in Kosovo.

In the process, Mr. Milosevic has helped mold a militant Albanian ministate. Albanian children, who no longer attend state schools, are now taught in overcrowded basement classrooms that they are citizens of an independent state occupied by the Serbs.

People pay "taxes" to the "state" leadership, and all Serbian businesses and institutions are boycotted. A sea of satellite dishes in cities like Pristina pull government broadcasts from neighboring Albania into most living rooms. Serbo-Croatian is not spoken.

Serbs in Kosovo are isolated from most Albanians. The special privileges, heavy protection from some 25,000 police officers and what is seen as cocky arrogance has made them detested by the Albanian majority. Many Serbs speak harshly of the Albanians, often using derogatory slang.

"All these Albanian men have three or four wives and about 20 children," said Zoran Dinic, 32, a Serb who works as an animal health inspector. "They make money running drug and prostitution rings, and none of them have proper state documents. At least 75 percent come from Albania or somewhere else, and the sooner we send them back the better."

Six years of disciplined peaceful civil disobedience by the ethnic Albanians has frayed the patience of many. And the apparent success of the anti-government demonstrators in Yugoslavia in gaining reinstatement of opposition election victories has left many feeling that with Mr. Milosevic weakened, now is the time to begin to exert more pressure.

An increasing number of Albanians have come to believe that as in other former parts of the old Yugoslavia, like Croatia and Bosnia, armed resistance is the only tool that will free them from Belgrade's grip.

"There are Albanians who are ready to identify themselves as members of the Kosovo Liberation Army," said Veton Surroi, the editor of Koha, one of two independent Albanian newspapers. "The group probably does not have a widespread organizational structure, and I suspect it remains scattered. But what is worrying is that there is no antipathy by many Albanians to armed resistance or the use of violence."

The birth rate for Albanians, 33 per 1,000, is one of the highest in the world, and most people have no work. Tens of thousands of bitter young men sit idle, willing recruits for militant movements.

Families, packed into depressing concrete hovels, live off money sent home by Albanian guest workers in Europe.

And many here, burdened by misery and repression, long for at least the excitement of struggle if not independence.

Bajram Pajaziti said after he visited his brother's hilltop grave, "He never mentioned his work. We often did not know where he was. But he was the leader here. People looked up to him. He was admired. He died as he lived, for his people."

BRIEFLY

Britons Say Swiss Agree To Talks on Nazi Gold

ZURICH — British politicians seeking compensation for Holocaust survivors said Monday that they had won Switzerland's backing for a proposed conference of all countries that handled Nazi gold during World War II.

Two British members of Parliament and a British deputy to the European Parliament said they would push Prime Minister John Major's government to organize such a conference after securing support in talks with the Swiss foreign minister, Flavio Cotti.

Greville Janner, a Labor Party deputy who is a vice president of the World Jewish Congress and a critic of Swiss wartime gold purchases from Hitler's Germany, said Swiss backing was crucial for an international conference to be called.

"It could not work without the full cooperation of the Swiss, and we were delighted that Flavio Cotti said he thought it was an excellent idea and that he thought the Swiss would participate," he said in Bern after meeting Mr. Cotti. *(Reuters)*

Andorra Leader's Party Heads for Second Term

ANDORRA LA VELLA, Andorra — The chief of Andorra's government, Marc Forne, looked set for a second term after his Liberal Union party clinched a majority in elections in this diminutive country in the Pyrenees.

Promises by each of the parties to consider allowing more foreign investment and introduce income taxes dominated the election campaign. Currently, foreign capital can hold only a maximum 33 percent share in any business.

Mr. Forne's party won 16 of the 28 seats in the Parliament in voting Sunday, the election office said Monday. Turnout was 81.6 percent of the registered 10,837 voters. *(AP)*



Jacqueline Arzt/The Associated Press

U.K. VOTE — Agriculture Minister Douglas Hogg in London on Monday. His handling of the "mad cow" affair was to be subject to a censure motion.

ETA Suspected in Blast Fatal to Police Officer

MADRID — A wave of attacks attributed to the Basque separatist group ETA continued Monday when a police officer was killed by a bomb that exploded under his car in the northern Basque city of Bilbao.

The bomb went off moments after the officer, Modesto Rico, drove out of a garage on his way to work at a provincial court, said a spokesman for the Basque regional police.

No one else was injured by the explosion, which shattered windows and charred the facade of an apartment building shortly before 9 A.M. in the provincial capital.

The police said the attack bore the hallmarks of ETA, or Basque Homeland and Liberty, which has stepped up its violent campaign for Basque independence with six killings this year, including the attack Monday. *(AP)*

Belgium Slaughtering Pigs to Stop Disease

BRUSSELS — Belgium was to slaughter 12,000 pigs Monday and Tuesday to prevent highly contagious swine fever from spreading into farms in Belgium from the Netherlands, an Agriculture Ministry spokeswoman said.

She said the 12,000 pigs had been imported from the Netherlands since Jan. 15 and were spread over 38 farms in Flanders, the northern half of Belgium.

Two more cases of the disease, which is not harmful to humans, came to light last weekend in the southern Dutch province of North Brabant, bringing the number of cases in the Netherlands to 16. *(Reuters)*

Gurkha Soldiers Allowed To Bring Families to U.K.

LONDON — Nepal's Gurkha soldiers won the right Monday to bring their families with them to Britain under a £1 million package announced by the government.

The armed forces minister, Nicholas Soames, told Parliament: "We expect that under these arrangements some 900 Gurkha dependents, wives and children will come to the United Kingdom."

Nepali soldiers have served with the British Army during the past 180 years. The army has 3,250 Gurkhas serving in Hong Kong, Brunei and Britain. *(Reuters)*

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INTERNATIONAL

Wages of War: Mercenaries Face a Challenge Against Zairian Rebels

By Donald G. McNeil Jr.
New York Times Service

JOHANNESBURG — There is nothing new about mercenary armies. The tradition goes back through the condottieri who overthrew Italian city-states to the time of Achilles, who sulked in his tent because he thought Agamemnon was unfairly dividing the spoils of the Trojan War.

These days Kisangani, in central Zaire, is the proving ground for how much mercenary soldiers can pull off. Isolated from the Zairian capital, Kinshasa, by hundreds of kilometers of jungle, the city is the target of a rebel offensive that began on the Rwandan border. It is also the headquarters for government forces planning a counterattack, and they are getting considerable help there from mercenaries.

Soldiers from Serbia and the Ukraine are among them. Unconfirmed reports say soldiers from France, Belgium, South Africa, Britain, Croatia and other countries may also be trying to teach the Zairian Army and allied Rwandan Hutu militias how to fight — or preparing to do the fighting for them.

The world always seems to have a fresh pool of mercenaries, depending on which veterans have lately been dumped on the market with lethal skills. Just as U.S. soldiers took the place of French ones in Vietnam in the 1960s, American mercenaries followed French ones onto the world stage, creating, among other things, a market for Soldier of Fortune magazine, an advertising forum for the breed. Military experts say there is now a lot of former Soviet-bloc talent for rent.

But the very model of a modern band of mercenaries is not European. It is a South African concern, Executive Outcomes, whose glossy brochures announce such services as "armored warfare" and "sniper training." It is composed largely of white officers and black foot soldiers who fought in elite units of the South African Army during its incursions into Angola in the 1980s.

Its two best-known operations were for Angola's government from late 1993 to mid-1996 and for the government of Sierra Leone from March 1995 until last month. Originally called in to guard riverside diamond-mining areas in both countries, it expanded its duties — nominally to train soldiers — to lead troops and fly combat missions against rebels and outlaws.

Executive Outcomes says it was paid in cash, but in both cases it is widely rumored to have received mining concessions as security.

The company's combat effectiveness in Angola is credited with forcing the rebel organization of Jonas Savimbi to stop fighting and negotiate for a place in the government. In Sierra Leone, it is acknowledged to have pacified swaths of the country long enough for elections to be held. Its work is often held up — and not only by its salesmen — as a contrast to multinational flops in Somalia, Chad, Liberia and Angola sponsored by the United Nations or the Organization of African Unity.

Executive Outcomes says it has no operations in Zaire. "We have no contract there, and we have never been in Zaire," said Eeben Barlow, chairman of the firm's holding company.

Mercenary work does not come cheap, whoever does it. Khareen Pech, a South African-based journalist who has written extensively about Executive Outcomes, said its costs to support roughly 500 men fighting in Sierra Leone exceeded $1.5 million a month, and its bill to the government was probably more than twice that.

Infantrymen are paid about $2,000 a month, while such specialists as pilots earn $5,000 and up. That is triple what they would earn if they could stay in South Africa's rapidly shrinking military. Recent salary offers in Zaire are reported to be slightly higher than the usual rate, Miss Pech said.

A valued and expensive service is air support. In Angola and Sierra Leone, according to World Airnews magazine, Executive Outcomes flew two used Boeing 727s as supply planes, bought for $550,000 each from American Airlines. It also regularly flew Soviet Mi-17 armed transport helicopters, Mi-24 Hind gunships, MiG-23 jet fighter-bombers and a squadron of Swiss Pilatus training planes converted to fire air-to-ground rockets. According to some estimates, helicopters cost $5,000 an hour just to fly and maintain. Jets cost far more.

Though Zaire is an impoverished country, it does have large areas of mineral wealth, and its president, Mobutu Sese Seko, can find ways to pay for what he wants. He can presumably afford to spend heavily on mercenaries, but whether they could keep him in power is another question.

Some reports say Laurent Kabila, the leader of the rebellion, has 24,000 men in the field, including Banyamulenge — ethnic Tutsi who rebelled after bullying by Hutu refugees and Zairian soldiers — regular troops from Rwanda, Uganda and Burundi (no friends of Marshal Mobutu) and a hodgepodge of other fighters. The armies of Rwanda and Uganda, military analysts say, are among the region's more effective.

While the mercenaries have some air power, most fighting is likely to be done on the ground, given the thick forests — and ground combat is not the Zaire Army's strong suit.

"I've talked to South Africans who fought alongside the Zairian Army in the past," said Richard Cornwell, a Pretoria specialist on mercenary wars, "and 'dismissive' is too light a term for the way they talk about them. They actually found guys sabotaging their own armored personnel carriers so they wouldn't have to go into battle."

China Leaders Rush Home as Deng's Health Deteriorates

Reuters

BEIJING — The deteriorating health of Deng Xiaoping has forced President Jiang Zemin and other leaders to cut short trips to return to Beijing, sources said Monday.

Mr. Jiang returned during the weekend, cutting short a visit to the Communist revolutionary base of Ganzhou in central Jiangxi Province, said one Chinese source close to the Communist Party.

Prime Minister Li Peng also flew back to Beijing, abruptly curtailing a tour of the southern province of Guangdong, said the source, who asked not to be identified.

"Jiang Zemin and Li Peng cut short their trips and rushed back to Beijing because Deng Xiaoping's health was deteriorating," the source said.

The source said they saw Mr. Deng over the weekend and added, "His health is not looking good."

Mr. Deng, the 92-year-old senior leader whose pragmatic policies transformed a backward Stalinist state into an economic powerhouse, lives in a tightly guarded compound in central Beijing.

Diplomats have said one barometer of Mr. Deng's health in the highly secretive Chinese system is the travel of top leaders and close family members. Few would be willing to be out of town or abroad if Mr. Deng were close to death.

Deputy Prime Minister Li Lanqing was on a visit Monday to Israel and Iran and Defense Minister Chi Haotian was in the Philippines.

Chinese sources have reported growing rumors in Beijing in the past few days that Mr. Deng's health was failing. The State Council, or cabinet, declined Monday to comment on the rumors.



Agence France-Presse

FIGHTING THE FUNDAMENTALISTS — Algerian men in a self-defense group patrolling the district of Bouinan, southeast of Algiers, on Monday. More than 60,000 people have died since fighters of the Islamic Salvation Front, denied an election victory in 1992, began a terror campaign to overthrow the government.

Zairian Warplanes Bomb Sites In Rebel-Held Towns, Killing 9

Reuters

KINSHASA, Zaire — Zaire's government said Monday that its warplanes were bombing three key rebel-held towns in its eastern border provinces and that the raids would increase in intensity.

"Since this morning the FAZ has been bombing Bukavu, Shabunda and Walikale," said a Defense Ministry statement in the capital, Kinshasa. The FAZ refers to Zaire's army.

"It is a surgical operation aimed at the enemy's strategic and military targets," the statement said, making no mention of casualties or damage.

Civilians in the towns had been advised to move away from the targets to avoid being hit, the statement added.

The medical charity Doctors Without Borders said from the nearby city of Goma that at least nine people were killed and up to 37 wounded Monday in a raid on Bukavu by three Zairian government jets.

Earlier Monday, the government rejected a cease-fire with rebels, who have captured much of the country's east.

Foreign Minister Gerard Kamanda wa Kamanda said in a statement: "The government stresses that it cannot accept a cease-fire with unidentified belligerents." Mr. Kamanda made the statement just before meeting with the UN special envoy Mohammed Sahnoun, who is trying to end the war.

At the same time, Zaire stepped up its counteroffensive against Tutsi-led rebels who have made large territorial conquests since taking up arms in October. The government accuses the rebels of waging a proxy war for Rwanda, Burundi and Uganda — which deny involvement. The foreign minister's statement implied that Zaire could consider a truce with the neighboring states.

"Any cease-fire with the regular armies of Uganda, Rwanda and Burundi must be linked to the withdrawal of all foreign troops from Zaire," the statement said.

Zaire used the occasion of the UN mission to blame the world body for a threat by the rebel leader Laurent Kabila to attack Tingi Tingi refugee camp near the city of Kisangani.

The government said a statement by the UN secretary-general, Kofi Annan, last week that Zaire was arming exiled Hutu hard-liners among the camp dwellers gave rebels the pretext to threaten a raid. UN officials said they saw Zairian military supplies being unloaded.

KOREA: *Washington and Seoul at Odds on Approach to North*

Continued from Page 1

bring a widespread famine this summer.

To South Korea, the North's vulnerability creates an opportunity to extract a high price for cooperation: It wants the North to engage in direct talks about the peninsula's future.

But U.S. diplomats and the military officials who oversee 37,000 U.S. troops in South Korea are worried that North Korean rulers may respond badly to the pressure, and undertake provocative acts. Alternatively, they worry about a breakdown of order in North Korea that could send refugees fleeing south.

Several U.S. officials, who spoke on condition of anonymity, said these fears lay behind the State Department's willingness to offer concessions to Li Gun, an official in North Korea's Foreign Ministry, when he visited Washington for informal discussions in July and August.

The concessions were conditioned on Mr. Li's tentative acceptance in July of two U.S. demands: that North Korean officials agree to participate in a briefing by the United States and South Korea about future peace talks, and renew discussions with U.S. officials about halting missile exports to the Middle East.

In exchange, U.S. diplomats tentatively suggested to Mr. Li that Washington would accelerate discussions about the opening of a U.S. office in Pyongyang; waive trade sanctions barring U.S. air carriers from paying North Korea around $10 million annually to fly through North Korean airspace; organize a public meeting of potential donors to call attention to North Korea's dire food shortage; and waive export restrictions on sales of American grain.

But when the details became known in Seoul, the government was put on the defensive, a South Korean diplomat said. South Korean officials reiterated their view that any U.S. concessions should accompany — not precede — tangible improvements in North Korea's relationship with South Korea.

ECONOMISTS: *MIT Professors Go Public in a Donnybrook Over the Income Gap*

Continued from Page 1

For Mr. Krugman, such statements are more seat-of-the-pants judgments than testable economic logic.

Still, there is common ground. Both men see themselves as liberals, fighting not over ideology but over what constitutes good economics. They favor similar policies — strengthening unions, pushing education to improve people's workplace skills, and income redistribution via government policy to reduce inequality. Both men shifted their attention from academia to the public arena after being shut out of top slots as advisers in Democratic administrations — Mr. Thurow after Jimmy Carter was elected president and Mr. Krugman in the early Clinton days.

They also share an uncertainty, even a pessimism, about the future. Mr. Krugman doubts that any policy can improve much on the market's self-correcting, if sometimes fallible, ways. And Mr. Thurow worries that without a new central challenge to replace the Cold War, Americans will let the economy deteriorate by failing to support government funding of research and necessary public investment that business shuns because the payoff is not direct and immediate.

Mr. Krugman, the only child of an insurance company manager, achieved luminary status in less than a decade as an economist. After finishing at Yale in 1974 and receiving his Ph.D. from MIT in 1977, he produced path-breaking findings on the interplay of government and industry in trade. Although he worries about government interference in markets, he nevertheless has demonstrated with mathematical precision how help from government can give an industry a competitive advantage.

In the early '90s, he turned his attention to a wider public, displaying a rare knack for explaining the discipline and logic of economics to the educated layman.

"There is no question that the polemics cut into the research," Mr. Krugman said. "I like to think that like Keynes can step back and do deep thinking again, but who knows. It is one of the things I wake up and worry about."

Mr. Thurow blazed this trail from academia to a wider audience. The eldest of three sons of a Methodist preacher in Montana, he went east to Williams College and won a Rhodes scholarship to Oxford. He earned a Ph.D. at Harvard in 1964 and four years later, at 30, found himself at MIT, holding professorships in both the economics department and the Sloan School of Management, where he later became dean.

Pioneering work on income distribution helped get him to the top. But he, too, shifted to capturing public attention after being shut out of government. "I decided that if I could not have the king's ear, I would talk to the public," Mr. Thurow said. "That's the other way to have an impact on the economic system."

Mr. Thurow likes Mr. Krugman's early research suggesting that the government can help create an export advantage for industry. That fits his preference for a market system leavened by government. But Mr. Krugman objects that his research is too often invoked as justification for an intrusive industrial policy by people "who don't understand its limits."

Mr. Thurow says that when the Mexicans or Chinese export shirts or tires to the United States, for example, less skilled American workers are edged out or forced into lower-paying service jobs.

Mr. Krugman responds that imports from low-wage countries represent only 2 percent of national income, not enough to have much of an impact on American labor. Trade is a cause of income inequality, he acknowledges, but he says other factors are more important — primarily the onslaught of new technology. Because of that, the demand for highly skilled people — from computer programmers to top executives — has soared, and their wages have gone up relative to the less skilled.

But, he said, the unskilled will probably not suffer over the long run. Incomes will rise in Mexico and China, Mr. Krugman said, as workers there become more productive.

Mr. Thurow offers an entirely different view. With capital so mobile and transportation and communications improving constantly, companies can place their operations almost anywhere, he says. Even their high-technology operations are vulnerable as educated Russians and East Europeans, for example, bid for work.

The best solution, both men agree, is more economic growth both at home and abroad. But they are worlds apart on how to achieve that growth, or whether it is even possible. The divide is over productivity, or output per worker, which has not been rising all that much lately in the industrial world. Ultimately, the only way to generate more growth, or national income, is to put more people to work or to find some way for each worker to produce more each hour.

Mr. Thurow would try to lift productivity in stages. He would start by stimulating the economy, perhaps through government spending or lower interest rates. "Productivity comes out of an economy that is pushed," he said. "It is the result of what people do in response to the opportunities that growth makes possible, not the cause of growth."

Mr. Krugman calls this "wishful thinking." He, and most mainstream economists, say they do not know why the annual rise in productivity has slowed so much since the early 1970s. Nor do they claim to know how to reverse this poor performance.

The criticism of Mr. Thurow from mainstream American economists is rather blunt: His sweeping conclusions and forecasts are often wrong.

For example, in "Head to Head," a best-seller published in 1992, he described a global struggle involving three antagonistic trading blocs, centered in the United States, Europe and Japan. The regional blocs have not emerged. Mr. Thurow says they might yet materialize.

Some of the mainstream economists in Mr. Krugman's camp are critical of his view that the global economy has only limited impact on American wages. Technology might have a greater impact on wages than the global economy does, said Michael J. Piore, a Harvard economist, but many factors play a role — weaker unions, deregulation, job insecurity — and assigning weights is futile. "The right position is agnostic," he said.

BRIEFLY

Sudan Negotiates With Rebel Faction

KHARTOUM — Negotiations on a peace charter began Monday between the Sudanese government and the South Sudan Independence Movement, a small rebel splinter faction, the official Sudan news agency SUNA reported.

Foreign Minister Gebriel Rorec said the talks were being held to work out the details of an accord signed with the rebel faction in April 1996.

The accord did not include the main rebel group, the Sudanese People's Liberation Army. *(AFP)*

U.S. and Pretoria Sign 3 Agreements

CAPE TOWN — South Africa and the United States strengthened their relations Monday, refusing to discuss publicly a dispute over South African ties with Washington's list of "terrorist" states.

After a meeting of their binational commission, Deputy President Thabo Mbeki and Vice President Al Gore signed three accords, including a treaty on double taxation.

Last month the United States warned South Africa it would cut all aid if a proposed sale of arms to Syria went ahead. *(Reuters)*

Peru Rebels Warn On Military Assault

LIMA — Tupac Amaru rebels warned that a reported government plan to free the 72 hostages held in the Japanese ambassador's residence could bring death to all inside and say they will hold out "as long as necessary."

A Lima newspaper gave details Sunday of a purported plan to use Peruvian and U.S. troops to liberate the hostages as a last resort. *(AP)*

POLICY: *Albright in France*

Continued from Page 1

possibility. Nor did the German foreign minister, Klaus Kinkel, with whom Mrs. Albright met with earlier Monday in Bonn.

"We have to do everything we can to make it easier for the Russian people to accept NATO enlargement," Mr. Kinkel said.

Mrs. Albright also spoke to President Jacques Chirac, and praised him while answering a question about the French role in helping to negotiate a Middle East peace, a subject that annoyed her predecessor, Warren Christopher.

"It is useful when others of President Chirac's stature can put his shoulder to the wheel in a complementary way," she said. She also called on other Arab countries to work to normalize their relations with Israel.

Mrs. Albright is meeting NATO allies to coordinate positions before she travels to Moscow for talks with President Boris Yeltsin and Foreign Minister Yevgeni Primakov.

When she was in Bonn, Mrs. Albright met with Chancellor Helmut Kohl and Mr. Kinkel, who travels to Moscow on Tuesday for discussions with Mr. Yeltsin and Mr. Primakov. The Italian foreign minister, Lamberto Dini, is also going to Moscow for talks, so Mrs. Albright wanted to make sure that all the allies are "reading from the same page," a U.S. official said.

While it was not a major topic in their talks, American criticism of the German response to the Church of Scientology was a major part of the Albright-Kinkel press conference.

Mrs. Albright called the Scientologists' comparison of the way Germany deals with the Church of Scientology to the Nazi era as "historically inaccurate and totally distasteful."

While the U.S. government recently recognized Scientology as a religion for tax purposes, Mr. Kinkel said bluntly: "We perceive Scientology not as a religion but as a profit-making organization. Scientologists are not persecuted."

WTO: *'The U.S. Has Effectively Exported the Values of Free Competition, Fair Rules and Effective Enforcement'*

Continued from Page 1

Singapore have long reserved for government-run monopolies. If the WTO finds evidence of foot-dragging, it can authorize penalties.

But that is only the start of a growing effort by Washington and its trading partners to use the newly created organization as a new tool of foreign policy.

This week, the European Union will decide whether to go ahead with what could emerge as the landmark legal case in the World Trade Organization's brief history, a challenge aimed at forcing the United States to abandon one of its most contested foreign policy initiatives. Its target is the Helms-Burton Act, enacted by Congress last year to tighten the economic isolation of Cuba and increase the pressure on the Castro government.

Europe, Canada and Mexico have denounced the act because it places sanctions on many non-U.S. companies and their executives for investing in Cuba. The U.S. administration has threatened to declare the isolation of Cuba a matter of "national security" instead of economics to keep the law from going in front of the organization's trade court.

At the same time, however, Washington is using the WTO as a tool to force political change in China. So far it has blocked Beijing's moves to join the organization, declaring that China's efforts to protect its key industries, and its huge subsidies to state-owned enterprises that employ half the working population, must end. Washington says China must join the WTO on "commercially acceptable terms" like every other nation.

But it is lost on no one that this is part of a far broader effort to speed internal economic changes in China, changes that seem certain to weaken the Communist Party's hold over the country's burgeoning economy. That, in turn, could threaten the party's hold on power.

"This is what we've meant for four years when we've declared that 'trade' and 'economics' are no longer a separate sphere from the rest of American foreign policy," said Mickey Kantor, one of President Bill Clinton's closest political confidantes and a former trade representative and commerce secretary. "In fact, we are using all of these tools to try to open up societies."

The Geneva-based World Trade Organization has become the focal point for much of this effort because it was endowed, in the global trade treaty known as the General Agreement on Tariffs and Trade, with the power to act as the rule-setter and the judge of economic globalization.

Its predecessor organization, also called GATT, never had the power to do anything but urge trading nations to lower their tariffs. It did so during multiyear negotiations in which countries lowered the tariffs on some products in return for similar concessions from other nations.

The process was slow, and involved so many trade-offs that it often entrenched protected industries rather than opened the world to market forces. But the United States did not complain because it viewed keeping its markets open to its allies as a way of battling communism.

The telecommunications agreement was the sure signal that the era of such one-sided concessions is over. The deal was supposed to be struck in April. But many of the countries involved offered only scant openings of their markets.

Ms. Barshefsky, the acting trade representative, said the U.S. message was: "Grow up; you get what you give."

In the end, other countries gave far more, though some, including Japan and Canada, balked at allowing foreigners to gain a controlling interest in their leading companies. But beneath the praise over the weekend for free trade in telecommunications services, there were a lot of resentments against the United States. Ms. Barshefsky, many countries complain, used the enormous weapon of access to the United States — where 50 percent of the world's telecommunications market is located — to squeeze concessions out of lesser economies.

Coming skirmishes to enforce the telecommunications law, to change the way China organizes its work force and to challenge Washington's attempts to isolate Cuba all have a common element: They end the era in which the laws of international trade took place along a country's borders, at its customs stations and its ports.

Instead, those laws now go to the heart of every nation's domestic politics, from the running of the telephone system, to mines, to the use of economic weapons against national foes. Bigger stakes make for bigger arguments.

هكذا من الأصل

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EDITORIALS/OPINION

Herald INTERNATIONAL Tribune
PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Don't Risk the WTO

The American economic strangulation of Cuba is a Cold War anachronism that now threatens to upend a carefully constructed international system for resolving trade disputes. Fidel Castro will be the only winner if Europe and the United States undermine the new World Trade Organization in a needless fight over Cuba.

That fight revolves around the Helms-Burton Act, a 1996 law that compels the United States to impose sanctions against foreign companies that do business in Cuba. The law is a misguided attempt by Congress to impose its foreign policy on others, and European leaders are right to resent it. But they are wrong to turn to the World Trade Organization to resolve what is essentially a political dispute. Last week European officials wisely decided to postpone their legal challenge in the WTO. They would do themselves and their trading partners a favor if they dropped the case altogether.

The Helms-Burton Act, passed last year after Cuba shot down two civilian planes over international waters, invites lawsuits against foreign companies that use Cuban property that previously belonged to American citizens, including those who fled after Mr. Castro took control. President Bill Clinton, as the law allows, has temporarily suspended that provision, and no company has been taken to court. But the administration is required by the law to deny American visas to executives of foreign companies that do extensive business in Cuba.

The Europeans, Canadians and Mexicans believe that economic engagement with Cuba is the best way to undermine Mr. Castro's grip, much as the White House believes that trade with China will eventually make that country more democratic. In its case before the World Trade Organization, the European Union accuses the United States of violating its free trade obligations under the international trade accord. That is a shaky assertion. The core purpose of the world trade accord is to prevent countries from adopting protectionist or discriminatory trade practices for commercial advantage. No one argues that Congress passed Helms-Burton for protectionist purposes.

The United States, for its part, may claim exemption from the trading rules on grounds that the Helms-Burton law protects vital American national security interests. Washington, in effect, would argue that the law is an expression of American foreign policy and as a result does not fall within the trade organization's commercial purview.

A victory for Europe, giving it the right to impose trade sanctions against the United States, would undermine support for the World Trade Organization in Congress and might encourage Senator Jesse Helms and others to campaign for American withdrawal. An American victory would lead other countries to misuse the same national security defense in future cases. Japan already defends its restrictions on rice imports as a matter of food security.

Europe and the United States should try to settle this conflict on their own rather than going to the World Trade Organization. If that fails, the Europeans would be wise to hold their fire. Skirmishing over Cuba is not worth the potential risk to the World Trade Organization.

—THE NEW YORK TIMES.

Hong Kong Freedoms? Beijing Isn't Interested

By Robert Elegant

HONG KONG — Beijing has dropped the last veils hiding its determination to control and manipulate Hong Kong as a virtual puppet. It is now clear that the Crown Colony will enjoy neither political nor intellectual freedom, and will find its financial and commercial freedom restricted when it becomes a Special Administrative Region of the People's Republic of China at the end of June.

The once paramount leader of China, Deng Xiaoping, is very feeble at 92, communicating, if at all, only through his daughter. He is politically comatose. Just as dead is his promise that the people of Hong Kong could "put their hearts at ease" because the territory would enjoy 50 years after the handover with its political and economic systems unchanged.

The present weak leaders in Beijing are in the early stages of the violent struggle for power that will follow Mr. Deng's death. They are attacking his former allies and reversing many of his policies, as well as cracking down on the already circumscribed freedom of conscience and expression that grew alongside his economic liberalization.

Those embattled leaders will not grant Hong Kong the freedom that they forcefully deny to the people of China itself. By deed and by word, Beijing has declared that it will not tolerate the semi-autonomy that Mr. Deng promised Hong Kong under the slogan "one county, two systems."

Since his appointment two months ago, chief executive-designate Tung Chee-hw has repeatedly scurried off to Beijing for detailed instructions.

He was elected "democratically," the Chinese insist, although it was 400 stooges handpicked by Beijing who voted. All the semi-democratic institutions that Hong Kong still possesses have been canceled in advance of the formal takeover — a partially elected legislature and fully elective local councils; statutory guarantees of civil rights; the right of the media to report and comment freely.

The embattled leaders of China may well feel that no one can still believe in their promises and their benevolence. There would therefore no longer be any point in concealing their purposes, chief among them to exploit Hong Kong to the limit.

Beijing has even demanded that units of the People's Liberation Army be allowed to enter the colony immediately. The Chinese evidently see trouble ahead. The troops are presumably intended to make a show of force to deter the unruly common people of Hong Kong, who have burned Tung Chee-hwa in effigy and regularly hold candlelight vigils to honor the pro-democracy advocates slaughtered in Beijing in 1989.

By and large, Beijing has made no secret of its plans. Like Stalin and Hitler, it has told the world what it would do — and the world has not taken alarm. There are none so blind as those who will not see.

The super-rich property speculators, entrepreneurs and financiers who have so enthusiastically welcomed the transition to Chinese rule appear unable to comprehend the simple fact that their commercial freedom, too, will be constrained after June 30.

Yet the portents are here for all to see. Swire's, an intelligent and forward-looking group of companies, has made great efforts to adjust to the coming regime, even training the crews of Chinese airlines that compete with its own Cathay Pacific and Dragon Air. Yet Beijing recently demanded a greater share of the stock of both airlines and the appointment of a Beijing-sponsored vice chairman of the board. Swire's was also told that a Chinese airline would fly the same worldwide routes radiating from Hong Kong that Cathay Pacific flies.

Despite such tactics, which occur daily, wealthy fellow travelers continue to proclaim that business will be better under Beijing's rule.

Hong Kong's economic animals value only commercial success. Higher human aspirations, civil rights and individual dignity mean very little to them. Nor can they see that Hong Kong cannot be healthy commercially if it is weak in those respects.

After all, many contend, Beijing will not kill the goose that lays the golden eggs and provides China with foreign exchange, foreign capital and foreign expertise. Generally ignorant of the Communists' methods and rhetoric, they do not realize that Beijing's priorities are quite different from their own.

They do not, for one, know that to the Communists democracy means "democratic centralism," which in turn means total control by the center. Nor do they understand that the over-riding purpose of the men in Beijing is to retain and expand their own power.

All else will be sacrificed to that purpose, including the well-being of Hong Kong. As always, politics, rather than well-being or prosperity, is in command in Beijing. And Beijing's tortuous politics will soon be in command in Hong Kong.

International Herald Tribune.

Sorry, but Coffee With the President Was All Right With Me

By Leonard Fein

BOSTON — Drinking coffee with the president of the United States and a dozen other people was well worth the cost of the round-trip air fare from Boston to Washington.

It took a while after the fact to figure out how to drop my visit to the White House into cocktail party conversation, but once I did I got the expected deferential questions: "What's he really like?" "What did you say to him?"

Now my tiny triumph has become part of a mini-scandal. The coffees with the president have been portrayed as a reward for major contributors to the Democratic National Committee, a way for the party to court potential big donors, an opportunity for people representing special interests to make their cases at the highest level.

There were a reported 103 of these coffees, and some guests were not exactly appropriate: a felon with reputed ties to organized crime, a fugitive from Lebanon wanted by Interpol, the head of a Chinese company that owns a major weapons manufacturer.

But the one I attended on May 6, 1996, seemed entirely benign. Not before, during or after our 80 minutes with the president was there even a hint that a campaign contribution was expected.

In any case, I didn't contribute one dime to the Democratic National Committee during the Clinton campaign. My modest contributions — totaling under $1,000 — went to three candidates for the Senate and two for the House of Representatives.

Only two guests at the table were familiar to me, and neither was wealthy. As for the rest of the group, it included one gentleman who cared a great deal about Turkey, a woman who was concerned about judgeships in Michigan, and a rabbi who congratulated the president on America's role in the Middle East peace process.

Most of us who spoke were concise: a couple of sentences of introduction followed by a question. The subjects ranged from the American failure to pay its United Nations dues to concerns about the habeas corpus provision of the new anti-terrorism law.

Clearly, the guests were not a randomly selected group. All of us supported Bill Clinton, with varying degrees of enthusiasm. Most of us had strong ties to constituencies that the president regarded as vital to his re-election. I guess he hoped that if he spent time with us we would be flattered and return to those constituencies with an intensified commitment.

Perhaps the journalists who write about such things are jaded, so familiar with the powerful that they are indifferent, maybe even contemptuous. But for the rest of us, even those who regard themselves as well connected, proximity to power — that is, to the president — is still a thrill.

I have shaken hands with Mr. Clinton on four separate occasions. The coffee was the only time I had a chance, however limited, to engage him in something approximating conversation.

I am sorry that the event now has a touch of disreputability about it. But having failed, to my regret, to make President Richard Nixon's enemies list, I will happily settle for the Clinton coffee list.

The writer is director of the Commission on Social Action of the Reform Jewish movement. He contributed this comment to The New York Times.

Tehran Keeps at It

For those who track censorship, particularly censorship by violence, the last eight years have turned Valentine's Day into an anniversary of a grimmer sort: that of the 1989 Iranian decree, or fatwa, calling for the death of novelist Salman Rushdie. Mr. Rushdie, whose supporters used to mark the Feb. 14 anniversary with appeals for government sanctions against Iran, gradually has emerged from isolation as the threat against him has seemed to lessen. This year the reminder comes from Iran itself — along with, unfortunately, clear hints of a politics that has wider implications and menaces for writers other than Mr. Rushdie.

One case that has sparked worry among the American and European groups that track abuses against writers is the tale of the Iranian literary editor and critic Faraj Sarkuhi, who was arrested, freed and rearrested earlier this winter in a saga that is still not fully clear. Mr. Sarkuhi, who is now in jail in Tehran, officially on charges of trying to leave the country illegally, was "disappeared" in November and then mysteriously "reappeared" after the government declared that it was not holding him and that, in fact, documents showed that he had left the country for Germany, where he has family.

After his reappearance under house arrest, Mr. Sarkuhi smuggled out a long letter describing a bizarre plot in which, he said, he had been granted a visa, lured to the airport, made to give up his papers to a stand-in, then secretly held and tortured into taping a long series of faked confessions that would implicate him and other writers in espionage with Germany and France, along with statements that would make the confessions appear to have been taped during a previous arrest in September. Mr. Sarkuhi suggests — and some dissident groups in the United States think it plausible — that the purpose of such a plot would have been to seek leverage over the German government during a potentially highly embarrassing trial of allegedly Iranian government-backed assassins of four people in a Berlin restaurant called Mykonos in 1991.

Whatever the truth of this nasty tale, the Mykonos trial also is offered as possible justification for the confused messages on Mr. Rushdie himself that have been coming from Iran in the week before the anniversary: First came an announcement, from the Tehran foundation that initially offered the bounty on Mr. Rushdie, that the death sentence remains in effect, that the monetary reward is (yet again) being raised and that anyone, not just a Muslim, can collect it. The government then issued its customary disclaimer, saying it had no ability to block a religious decree — a statement somewhat spoiled by a subsequent one from the Revolutionary Guards that the novelist's death certainly would come soon.

It is far from clear what is happening in Iran or how many different interests are being played out. But the danger to these writers is not past, nor is the need to keep watch against the viciousness of this brand of censorship by terror.

—THE WASHINGTON POST.

European Security Isn't Broken, So Why Try to Fix It Now?

By William Pfaff

PARIS — Madeleine Albright is on her first foreign tour as America's new secretary of state. One of the main themes of her trip is NATO expansion, a project much criticized in America and unpopular in much of Western Europe.

Launched without serious reflection in Washington, mainly in response to domestic bureaucratic and political pressures, NATO expansion is a program that Washington feels compelled to stick with out of fear of the humiliation of changing course, and because dropping it would seem a bow to Moscow. Washington insists that Russia must not be permitted "a veto" over what NATO does.

However, NATO has 15 other members, and they have vetoes. In theory, any one of those members could veto alliance expansion. Turkey is actually talking of doing so.

Angry at the European Union's reluctance to fulfill its promise to admit Turkey, some Turks suggest retaliation by blocking NATO expansion. This is perhaps bluff, but if done it would get Washington and the other NATO governments out of a tight corner that they should never have got into.

Mrs. Albright wants quick expansion. Even if the idea is a bad one (not that she can admit it), the question of expansion should not be allowed to develop into a "permanent source of tension and insecurity." That is what she told the House International Relations Committee on Tuesday. The decision is supposed to be made at the NATO Council meeting in Madrid in July.

A better argument says to hold back, both out of respect for the doubts of some allies and to allow everyone — including Washington — to think again about this project.

The reconsideration would profit from some reflections by Robert Cooper, one of the bright men of the British Foreign Office, currently minister at the British Embassy in Bonn.

In a recent essay he argues that 1989 marked a break in European history, in that it ended the balance of power system. This occurred as a new European system of integrated nations has been developing, as well as a new method of finding international security through what Mr. Cooper calls "armed transparency" — "not the same thing as trust, though it might one day grow into this."

Until 1989, international order was based either on hegemony or on balance. The hegemonic model was imperial, with its last expression the various efforts to create something resembling world government or world federation.

Balance among independent power centers worked during much of the nation-state period, but could not accommodate the unification of Germany by Bismarck in the last century, a state too powerful to be contained by traditional means. The result was the world wars and Germany's redivision in 1945 — now ended.

The system of balance was undermined by technology's tendency toward unlimited or unacceptably costly wars. The theory of balance assumes that the balance can topple, and has to be restored by a war, thereby giving everyone a lesson in the need to keep up the balance.

In the Cold War, two quasi-hegemonic powers developed in east and west, balanced against one another. Thanks to arms control measures and détente, this relationship evolved toward the armed transparency system, which provides a sophisticated version of deterrence, requiring that states voluntarily limit their sovereignty (by allowing rivals to verify arms limitation agreements) and accept a measure of vulnerability.

Expansion of NATO would tend to unbalance and remilitarize a Russian-Western relationship that since 1989 has been relatively stable, based on armed transparency. Expanding NATO tends to enlarge what Moscow certainly sees as hegemonic American power in Europe. NATO would become the instrument of U.S. predominance not only in Western Europe but in Central and Eastern Europe as well.

This naturally disturbs Russia, with important consequences for Russia's internal politics. It also disturbs the major West European powers — including Germany and even Britain — rather more than Washington may realize.

The plan to "Europeanize" NATO by allowing European-commanded joint task forces access to U.S./NATO resources has yet to produce much more than a nasty quarrel over command appointments, and over the limits placed on European use of U.S. resources. It has made U.S.-European relations in NATO more difficult.

There is much to be said at times for inaction. To unsettle arrangements that work is not a good idea, when there currently is no threat to Central or East European security. Better to explore how the "armed transparency" security arrangements already in place can be improved, and how security for both sides could be bettered through formal mutual as well as unilateral guarantees of the independence of the former Warsaw Pact countries.

Mr. Cooper writes (in an essay in "Life After Politics," published by Fontana Press in London) that the United States has demonstrated ambivalence about the newly changing European order, and about America's new relations with Europe and Russia, and indeed about its entire world role in what it is fashionable to call the postmodern world. I would add that it has a right to ambivalence.

But exactly because America is uncertain about its role, prudence would counsel holding back from radical and insufficiently considered changes.

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Bulgaria Needs Help

In Bulgaria, a nation of 8.4 million people tucked between the Balkans and the Black Sea, nearly half of all children are said to be malnourished. Ninety percent of the population is living below the World Bank poverty level of $4 per day; in fact, due to raging hyperinflation, many pensioners now receive less than $4 per month. Bread lines and soup kitchens are Sofia's most prominent features; hospitals are without medicine; orphanages are without heat.

This disaster — in a land of fertile farmland, it must be said — is entirely man-made. Hardly missing a step in their transition from Soviet satellite, Bulgaria's Communists renamed themselves Socialists and continued to misrule their nation for most of this decade. They elevated corruption to sickening new levels while refusing to carry out needed (and promised) reforms.

This winter, Bulgarians signaled that they had finally had enough. They elected a capable reformer, Petar Stoyanov, to the largely ceremonial presidency, and then took to the streets to demand the resignation of the Socialist government. The Socialists resisted through nearly a month of peaceful protest, but finally gave way. A pro-reform caretaker prime minister is in office, and elections will be held in two months.

The reformers, if they win as expected in April, face a grim task. The transition, painful in every formerly Communist nation, will be doubly so in Bulgaria because it has been so long postponed, and ordinary Bulgarians will suffer most.

There is not much that the outside world can do about this. But the United States would be right to send a modest amount of humanitarian aid now, a measure currently under consideration. Such a move would win friends for America and show support for Bulgaria as it takes its first halting step toward reform. It could also help avert a human tragedy this winter.

—THE WASHINGTON POST.

Poisoning Corn, Beef and Water

By Bob Herbert

NEW YORK — How is it that an herbicide considered to be such a threat to human health that it is banned in Austria, Germany, Hungary, Italy, the Netherlands, Norway and Sweden manages to remain the most widely used pesticide of any kind in the United States?

The herbicide is atrazine, a white crystalline powder that when sprayed over cornfields very quickly displays its remarkable ability to kill the grasses and broadleaf weeds that make a corn farmer's life miserable, while leaving the corn itself alone.

Atrazine is cheap. It is long-lasting and does not dissolve in water. You can even spray it in the rain. Farmers have taken to it the way toddlers take to candy. For the giant chemical outfit Ciba-Geigy, atrazine has been an absolute bonanza.

The downside is spelled out in a new book, "Toxic Deception: How the Chemical Industry Manipulates Science, Bends the Law, and Endangers Your Health." The book was written by a pair of environmental journalists, Dan Fagin and Marianne Lavelle, who did their research in conjunction with the nonprofit, nonpartisan Center for Public Integrity in Washington.

The U.S. government has classified atrazine as a possible human carcinogen. Some studies (disputed by Ciba-Geigy) conclude that it can damage DNA and induce gene mutations. Recent studies have linked the chemical to hormonal changes.

"Indeed, out of 10 hormone-disrupting pesticides (including several known carcinogens) tested in a recent study, only DDT had as damaging an effect as atrazine on how the body metabolizes estrogen."

Atrazine has been showing up in supermarket corn, and in beef and milk. (Atrazine-treated corn is routinely fed to cattle.) And it has become one of the leading contaminants of drinking water. The chemical was found in 990 of 1,604 water samples drawn from streams, rivers, reservoirs and aquifers in the Midwest from 1989 to 1994.

The magnitude of the health threat of this chemical can be gauged from the estimate by the Environmental Protection Agency that some corn farmers face a 1 in 863 lifetime risk of developing cancer from atrazine. Nonfarmers in the Midwest face a 1 in 20,747 risk, and a 1 in 13,850 risk if they use atrazine on their lawns.

The authors note that the EPA "generally takes regulatory action when a chemical poses a lifetime cancer risk higher than one in a million."

"Toxic Deception" explains how the regulatory system is rigged to benefit the chemical manufacturers while keeping the general public in a dangerous state of ignorance.

Very few Americans, for example, realize that the federal government does not screen chemicals for safety before they go on the market. It is up to the chemical manufacturers themselves to determine whether a product poses a substantial risk to health or the environment.

Thus, according to Mr. Fagin and Ms. Lavelle, only a fraction of the tens of thousands of chemical compounds on the market today have been examined for safety. Those examinations, for the most part, were conducted only after specific questions were raised about a specific product.

Once a chemical is on the market, it is incredibly difficult to get it off. The chemical companies have nearly perfected the art of shielding products from the interference of government regulators, public interest groups and private citizens who have been grievously harmed. Ciba-Geigy has spent more than $25 million in its battle with the EPA over atrazine and another herbicide, simazine.

"Toxic Deception" shows how the industry uses campaign contributions, junkets, job offers, "scorched-earth" courtroom strategies, misleading advertising and multi-million-dollar public relations campaigns to keep their products on the market no matter how great the potential dangers. It is the story of the triumph of a special interest over the public interest.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1897: Hellenic Troops

CANEA — Another body of Greek troops has landed and is at Platania, about half an hour from this town. The Turkish garrisons in the interior of the island are hard pressed and anxious to surrender to the Greek regulars. An occupation of the island by Greece seems imminent. The Mussulman inhabitants are not opposed to it and tranquillity continues to prevail.

1922: New French Coin

PARIS — The baby of French currency has made its appearance — the 50-centimes piece, in the pretty yellow metal with which the 1-franc and 2-franc tokens have already made Parisians familiar. It is a bonny little token, too, in the same shape and image as its bigger brothers, and undoubtedly will win its way to the hearts of all. Its size, approximately that of an English sixpenny piece, gives it an elegance and a delicacy which will ensure its dedication to those gentle offices of waiter's tip and the church collection.

1947: Two Terms Only

WASHINGTON — Chairman Alexander Wiley, Republican of Wisconsin, announced today [Feb. 17] that the Senate Judiciary Committee had voted, 9 to 1, for a proposed constitutional amendment to limit the Presidential tenure to two full terms of four years each. A similar amending resolution has already been passed by the House. Under the resolution voted by the Senate Committee, if a President had served less than one year he would be eligible for an additional two full terms. The Senate measure would require ratification by conventions in three-fourths of the states, since this procedure "is closer to the people," said Senator Wiley.

OPINION/LETTERS

A China Connection? Officialdom Shrugged

By William Safire

WASHINGTON — The story is told of the corrupt Albany judge who called opposing counsel into his chambers and said: "Plaintiff slipped me five thousand to throw the case his way, and defendant gave me ten to deliver for him. How's about another five from the plaintiff and I decide the case on its merits?"

That's apparently the route taken by Bill Clinton and his policy-for-sale agents in Asia. At the same time anti-Taiwan John Huang and Charlie Trie were pouring in pro-Beijing money to (a) the Clinton campaign, (b) the Clinton Whitewater defense fund and (c) the care and feeding of the jail-bound Web Hubbell, the Clinton "ambassador" in Taiwan and phony Buddhist cultists were steering pro-Taiwan donations to the Democrats. Neither side could be sure Bill Clinton would "stay bought."

Last October, a suspicious pattern was discerned in this space of Asian-based contributions and Clinton policy switches, provoking questions about possible economic espionage involving a high Commerce official with top-secret clearance and his former Indonesian employers, the Lippo banking empire, active in China. Examination of our National Security Agency "big ear" surveillance was suggested.

In December, House Rules Chairman Gerry Solomon sent a detailed query to the FBI about potential economic espionage. Director Louis Freeh replied that he had put 25 agents on the case.

Last week, Bob Woodward and Brian Duffy of The Washington Post *(IHT, Feb. 14)* wrote that intelligence intercepts indicated the involvement of the Chinese government in directing the flow of some political contributions into the Clinton White House. If true, that would mean China successfully penetrated Mr. Clinton's decision-making process.

Mr. Clinton was forced to admit that "this is a serious set of questions" and claimed that the first he knew of it "was last evening."

My suspicions are heightened by the release of White House memos intended to show senators that the former national security adviser, Anthony Lake, would make a suitable director of central intelligence. On the contrary, the internal *e-mail* is damning:

When Clinton fund-raisers ran a group of Chinese officials, petrochemical manufacturers and their Asian-American $366,000 giver into the president's office during and after a radio speech, Mr. Clinton evidently felt a twinge of guilt — not of raising the money, but of being seen. "POTUS (President of the United States) wasn't sure we'd want photos with these people circulating around," noted one of Mr. Lake's staffers, seeking guidance from the NSC's man in charge of Asia.

The stunning response: Although the contributor was a "hustler" who should be "treated with a pinch of suspicion," the bottom line was "to the degree it motivates him to continue contributing to the DNC, who am I to complain?"

The acquiescent bureaucrat was supposedly on duty to protect U.S. national security interests, that's who he was.

His responsibility — and that of his bosses, Tony Lake and Samuel Berger, now promoted to national security adviser — was not merely to squelch photographs that troubled the president's conscience, but to stop China's end run forthwith. The NSC response should have been an unequivocal "Absolutely not, and no more policy penetrations like this in the future."

Where is the president's Foreign Intelligence Advisory Board in all this — or does Warren Rudman see no need for oversight? Has the CIA been tasked to query Taiwanese and South Korean counterparts, who have a better network in China than we do, to find out what Beijing's *princelings have been doing* in American politics? Would Tony Lake, if confirmed as director of central intelligence, direct counterintelligence chief Paul Redmond to actively pursue leads to misfeasance in the NSC?

Or — faced with a stunning coup by agents of influence recruited by Beijing intelligence — would our chief counterspy shrug his shoulders and repeat the battle cry of the Lake-Berger NSC, "Who am I to complain?"

The New York Times.



The state of the union at this time ...

Put Children First Again, And No More Excuses

By William Raspberry

"Masai warriors in Africa have a greeting that Americans ought to embrace. 'Eserian Nakera?' they always say when passing one another. It means: 'And how are the children?' Their traditional response is: 'All the children are well.'"

— Hugh Price, president of the National Urban League.

WASHINGTON — Hugh Price has a knack for getting past the racial and political posturing and getting at the heart of things. Last week, in a wide-ranging session at the National Press Club, he got to the heart of urban education. It's time, he said, to teach all our children. "No excuses."

His message was not just exhortation; it was also a reminder. If the educational system is to work for those children who are not being well educated, he said, we all have to be involved.

Teachers must teach to high standards — and those who can't must either be retrained or encouraged to seek other work. Parents have to send their children to school ready to learn, or most of them won't learn. Community groups and employers have to work together to create a climate of support and opportunity so that children can resist the anti-academic tide that is engulfing the inner-city schools. And the children themselves must behave as though academic achievement matters. No excuses.

"The landscape of urban public education is dotted with teachers, classrooms and even entire schools that deliver the goods," he said. "The needed innovations have been designed and field-tested and are now ready for mass market. It's time to put them to widespread use. If we adults — educators, elected officials, parents, employers and community groups — will only do what we're supposed to do for the children, then they will do what we expect them to do."

It is that simple — and that difficult.

The Urban League chief is not the first to observe that successful education requires both a competent teacher and an engaged student. The former can be developed by our colleges and universities. The latter often requires the entire village.

Parents obviously play a major role in exciting their children's interest in learning. But too many parents, having enjoyed little success in learning, don't know how to do it. They can be taught: in church basements, recreation centers — and in schoolrooms, years before they become parents.

That training will be much easier if we can manage to build communities that value academic achievement the way we value athletic prowess.

"For reasons that aren't evident, black youngsters, more so than others, are susceptible to the pernicious message that achievement is tantamount to acting 'white,'" Mr. Price said. "The negative pressures can even reach the point that achievers try to mask their intelligence. What's perhaps worse, many African-American children operate under the delusion that they'll be able to get ahead even if they don't do well in school. With technology replacing marginally skilled workers with laptops and robots, and with affirmative action under sustained assault, this delusion is a sure-fire recipe for economic disaster for our children — and for our people."

It is interesting to ponder the source of this attitude. Surely some part of it must come from years of well-meant emphasis on the limits imposed by racism rather than on the potential that serious exertion can unleash. And part of it must come from what too many of our children see as self-evident: that except for a supergifted few, there ain't no making it.

As Mr. Price noted, there is now plenty of evidence that children of ordinary intelligence — entire schools of them — can make it if they are respected, held to high standards and well taught.

It will take money, of course. But even more, it will take the rest of us — the village. I think too many children sense they are no longer the center of our concern — and that may be why they pay so little attention to our exhortations. We've got to make them the center again. No excuses.

Eserian Nakera?

Not well. Not well at all.

The Washington Post.

MEANWHILE

LETTERS TO THE EDITOR

French Crisis

The article about France's *crise ("A Somber France, Racked by Doubt," Feb. 12)* carries some interesting echoes on this island to the north. Both nations want to consider themselves as isles. By clinging to the old, they share a culture of denial, which is really a hangover from imperial days.

These nations are being asked to acquire an "Internet mentality" overnight, when in fact all the cerebral stubbornness and insular intransigence are in play to perpetuate de Gaulle's "non."

You rightly perceive the mood on one side of the Channel, but what about the other?

R. E. BLACKWELL.
Southsea, England.

France survived several plagues, including those of the Moors, the English, the Nazis and 14 years of Francois Mitterrand.

We will survive the Internet and the global market.

Even if our situation today is not good, we still enjoy a way of life that a lot of people would like to share, as well as a social security system that, though troubled, is still able to take care of people.

And, who knows, we could even recover our competitiveness with the euro and the future United States of Europe.

BRUNO D'AGAY.
Paris.

Concerned Students

We, 245 students and teachers at Gesamtschule Obere Aar in Taunusstein, Germany, are deeply concerned by the "open letter" to Helmut Kohl *(advertisement, Jan. 9)* from supporters of Scientology.

We Germans are not neo-Nazis, and we cannot look the other way while historically incorrect and grossly inappropriate accusations are leveled at us.

Hitler's dictatorship was the darkest era in Germany's history, and we will never allow totalitarianism to occur again. That is why we want to prevent Scientology from gaining too much influence here, because we think it is a totalitarian organization. We are skeptical about Scientology's claims and regret that we don't have much dependable information about the group.

That isn't our fault; we have found Scientologists want to keep much information about their activities within the organization.

As for calls to boycott films starring Scientologists, we do not see the specter of another Nazi Germany but merely people in the public eye uttering their personal opinions a little too quickly and noisily. The boycott in question didn't work anyway — "Mission: Impossible," starring Tom Cruise, was a success in Germany.

Enough insipid attacks against the German people and their democratic representatives. We cannot be blamed for trying to prevent the rise of organizations that might become dangerous to our democracy.

S. KILIAN.
Taunusstein, Germany.

The writer is a teacher. The other signatures have been supplied to the Herald Tribune.

BOOKS

THE CORRESPONDENCE OF SHELBY FOOTE & WALKER PERCY

Edited by Jay Tolson. 310 pages. $27.50. Norton.

Reviewed by David Nicholson

THIS is, for the most part, a wonderful book, essential reading for anyone interested in the lives and work of Shelby Foote and Walker Percy. Like any collection of letters, it forms a kind of autobiography, in this case a double portrait where each man stands revealed in his own words and in those of the other.

Still, its paramount value is its ongoing discussion of reading, writing and the techniques and aesthetics of fiction, which provides an intriguing look at two writers' beginnings and their journey from apprenticeship to maturity.

"You, for example, know exactly what I am talking about because you are a writer and because we have known each other forever — and because we are Southern?" Percy observed in 1979, summing up a friendship that had begun nearly 50 years before and that would end only with his death in 1990.

They had met in 1930 when Percy, age 14, arrived in Greenville, Mississippi, with his mother and two brothers for a sojourn with their patrician cousin William Alexander Percy. The Percy boys' father had killed himself the previous summer. Foote, who was 13, had lost his father at age 5. And so, perhaps "thinking that Foote would make a good companion for his 'kinsmen,'" because of "the shared experience of loss," Will Percy invited Foote to "come over to the house often and help them enjoy themselves while they're here."

While Percy began saving Foote's letters in 1948, Foote — with one exception — did not begin to save his friend's until 1970. What we have, then, for about half this selection from their 41 years of correspondence, is a monologue by Foote, now 80. He sketches his plans for the novels he is writing or merely contemplating, muses on the nature of art, makes suggestions for Percy's reading, and instructs him on the craft of fiction. This didactic, one-sided conversation at the heart of the book is a mixed blessing, and it helps to remember that in 1960, when Foote wrote to congratulate Percy on the opening pages of the novel that would become "The Moviegoer" (it won the National Book Award a year later), Foote had already published five novels and had been laboring for six years on his three-volume narrative history of the Civil War.

On the one hand, we'd like to know how Percy — who entered the church in 1947 — responded to pronouncements like this one: "I seriously think that no good practicing Catholic can ever be a great artist; art is by definition a product of doubt; it has to be pursued." In the end, however, it doesn't matter. Though Foote is so assured and self-confident as to be nearly insufferable — "I'm among the American writers of *all time*," he crows — what he has to say about the art and craft of fiction are so often right (or at least thought-provoking) as to be required reading for anyone considering the writing life.

If Foote's letters overflow with confidence, Percy's are often despairing. "I am doing very little," he wrote in 1967. "It is a question of melancholy and depression." Well aware of the sad history of depression and suicide that plagued his family, he asked, "But what about me? I've lived longer than any Percy in history and therefore have no precedent. Therefore it's all new territory."

It's surprising, given their time and place (the South of the civil rights movement), how seldom race and racial matters appear here. More disconcerting is the casual (though infrequent) use of what we've come to refer to coyly as "the n-word."

What makes these writers worthy of our respect and admiration, despite their flaws, is not simply the excuse that they shared the prejudices and limitations of their particular time and place. Instead, it is their literary legacy and their devotion to their work. There was, especially for Foote, something transcendent and almost mystical about that devotion. "We are the outriders for the saints," he once told Percy. "We go beyond (where they wont go) and tell them what we've found."

David Nicholson, a writer, did this for the Washington Post.

CHESS

By Robert Byrne

VISWANATHAN Anand took an impressive second place, behind Garry Kasparov, in the Las Palmas International Tournament in the Grand Canary Islands. Anatoli Karpov came in last.

Anand exhibited scintillating imaginative play in his third-round victory over Vasily Ivanchuk.

The Moeller Defense, 5...Bc5, a favorite of Alekhine 70 years ago, later lost his confidence but is experiencing a spirited revival.

Anand chose an old but solid central attack with 6 Ne5 Ne5 7 d4 Ne4 8 Rel Be7 9 Re4 Ng6 10 c4 O-O 11 Nc3, following a Kashdan-Milner-Barry encounter in London 1932. But instead of Milner-Barry's loosening, 11...f5, Ivanchuk tried to keep a compact formation with 11...d6.

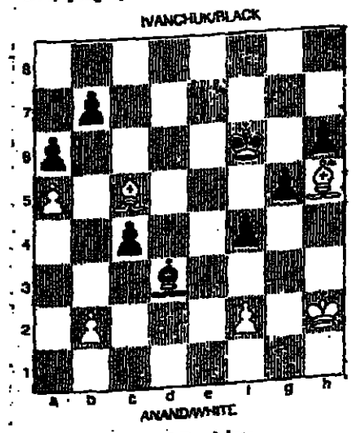
Through 12...Bh4, the players copied Smirin-Izeta, Las Palmas 1993, but Anand improved on 13 g3 c6! 14 Nf4 Anand with 13 Qh5!? On 13...c6, he produced a fascinating positional sacrifice with 14 Rh4! Qh4 15 Qh4 Nh4 16 Nb6 Rb8 17 Bf4, tying up the black forces. Ivanchuk could not play 14...Nh4 because 15 Bg5 f6 16 Bh4 cd 17 Qd5 Kh8 18 Bg3 wins the d6 pawn, giving Anand a bishop plus two pawns for a rook. Ivanchuk had to defend by 17...Nf5 because 17...Rd8? loses to 18 Bg5.

On 18 d5, Ivanchuk might have played 18...Rd8. Thus, 19 c5 cd 20 g4 Nd4 21 Bd6 Bg4 is unclear. He hoped for counterplay with 18...Re8 19 Kf1 b6 20 h3 Re4 21 Bh2 cd, but after 22 g4! Rc4 (22...dc 23 Bc2!) 23 Nc4 dc, 24 Re1!, Anand had the upper hand.

If Ivanchuk had played 24...Nd4 then 25 Bd6 Ra8 26 Re8 Kh7 27 Bd7 Bd7 28 Ra8 h5 would have be tricky, yet 29 Bc5 Nc6 30 Rf8 hg 31 Rf7 Be6 32 Rb7 gh 33 Bf8 Kg8 34 Bg7 Bd5 35 Kg1 Ne5 36 Re7 Nf3 37 Kh1 should still win for White. Thus, 37...c3 38 bc! Ba2 39 Rc7 Bd5 40 c4 Be4 41 Bc3 Kf8 42 c5 Ke8 43 c6 Bd5 44 Ba5 Be4 45 Rc8 Ke7 46 c7 is decisive.

After 29 Be8, material was even, but Anand's extra bishop was stronger than Ivanchuk's three pawns. After 46 Kh2, there was no defense to 47 Bf8 except 46...Kg7 but then 47 Bf3 picks off the black queenside. Ivanchuk gave up.

IVANCHUK/BLACK



ANAND/WHITE

Final Position

RUY LOPEZ

White Anand	Black Ivanchuk	White Anand	Black Ivanchuk
1 e4	c5	24 Re1	Be6
2 Nf3	Nc6	25 g5	Bf5
3 Bb5	a6	26 Bd6	Bh3
4 Ba4	Nf6	27 Kg1	Rd8
5 0-0	Bc5	28 Re8	Re8
6 Ne5	Ne5	29 Be8	Be6
7 d4	Ne4	30 a4	g5
8 Re1	Be7	31 a5	Kg7
9 Re4	Ng6	32 Ba4	Kg6
10 c4	0-0	33 Bd1	Bd5
11 Nc3	d6	34 Bc2	Kf6
12 Nd5	Bh4	35 Bc7	Ke6
13 Qh5	c6	36 Bh7	Bf3
14 Rh4	Qh4	37 Kh2	Kd5
15 Qh4	Nh4	38 Bc2	Be4
16 Nb6	Rb8	39 Bd1	Kd4
17 Bf4	Nf5	40 Be2	Bd3
18 d5	Re8	41 Bb6	Kd5
19 Kf1	b6	42 Bd1	f5
20 b3	Re4	43 Kg3	Ke5
21 Bh2	c6	44 Bc5	Kf6
22 g4	Rc4	45 Bb5	f4
23 Nc4	dc	46 Kh2	Resigns

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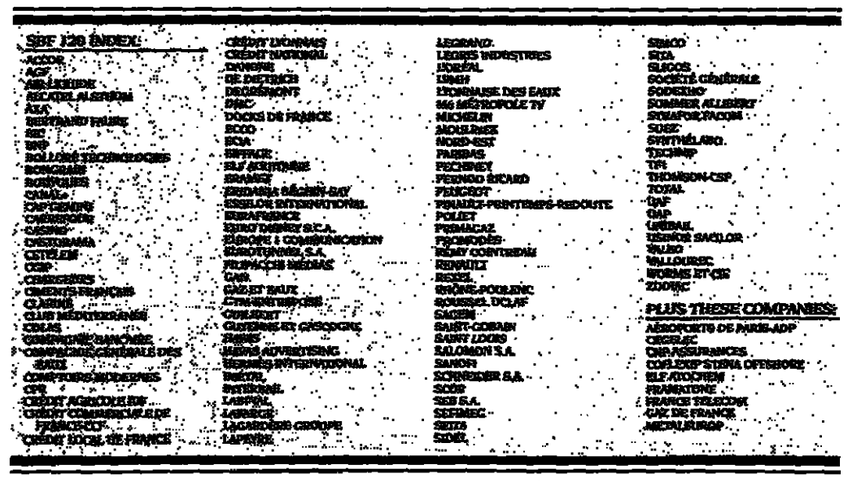
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INTERNATIONAL HERALD TRIBUNE,
TUESDAY, FEBRUARY 18, 1997
PAGE 10

Style

TOMORROW: STAGE

Cruising Into Past Interiors

Dream Visions For '90s Fabrics

By Suzy Menkes
International Herald Tribune

PARIS — A balmy, star-speckled sky, the crash of rolling breakers, a deck littered with lounge chairs — that's not bad for a February day, huh?

Two stout women in rain-splattered coats chorused one word to describe the *1930s steamboat interiors:* "enchanting." They peeped into a child's cabin, its walls decorated with rabbits; they sighed over steamer trunks heaped on a stagecoach on the quayside; they died for a place at the captain's table, where oriental flowers ramble over the cloth and chairs.

The exhibition created by the French fabric king Patrick Frey is packing in the *public — transporting them on his* "Croisiere Imaginaire," or make-believe cruise.

Envisaged for professionals in the decorating trade (7,000 have visited so far), the show has been such a hit since it opened to the public in January that it has now been extended until after Easter. Up to 1,000 visitors a day are visiting the 15 cabins, stroking the fabrics, clutching samples to try out at home and (this being France) snacking at a cafe installed by the caterer Le Notre.

"*I wanted to make people dream,*" says Frey, "and because I am frustrated that fabrics are a nonfinished product and I never know what happens to them, I decided to show my concept of how they could be used."

That meant taking modern fabrics in all their diversity of color and texture and stirring them together in imaginative combinations with a dollop of nostalgia and a twist of irony.

The result is a captain's cabin, cap thrown nonchalantly on a chair, with a *heady scent of distant travel in the giraffe-patterned walls, the zebra-print throw and the spicy madras-check bed. Or the bracing gym, with its salty white-and-blue color scheme, lattice-patterned exercise mat and punching bags in laminated fabrics.* Antique furnishings, like Venetian glass or a 1930s bath-on-wheels, give a period authenticity.

The inspiration, says Frey, was the American showhouse. And since the *Pierre Frey company he inherited from* his father exports 55 percent of its 236 million franc ($42 million) business, he *is currently on an eight-city tour of the* United States, waving the flag.

That might be made of the richly textured fabrics of Braquenie, a classic French fabric house Frey acquired six years ago, or the fresh and youthful "Pierre" designs. The strength of the exhibition is that it is not just on one note. Within the Pierre Frey group, founded by his father, Frey handles other complementary companies, including the silks of Jim Thompson, which appear on board as the crisp scarlet and champagne stripes of milady's cabin.

Frey conveys a vibrant enthusiasm when talking about his family of fabrics. *And he has an explanation for the current* focus on the home.

"Homes have become so fundamental because they are a refuge and a cocoon," he says. "And at a time when everyone from California to Paris wears the same jeans and T-shirt, they show the differences between people."

In a global universe, Frey is happy to emphasize the intrinsic Frenchness of his materials, which often have their cultural roots in that ultimate escapist dream of the "vie de chateau" — the grand life at Versailles.

The great French steamboat era of the Normandie liner seems more accessible and less stuffy than chateau life, judging by the visitors counting the pompoms on the passementerie and checking out the color choices of the 400 fabrics.

Since the exhibition is in a wholesale showroom, Frey has no indication of whether the visitors will turn their samples into orders through stores, or if decorators will increase their spending.

"I don't know if the bottom line will go up," says Frey. "But I am getting *moving letters from people about the* show. I love my fabrics. I feel that I am fortunate to have a metier that I adore. And I hope I have transmitted that."

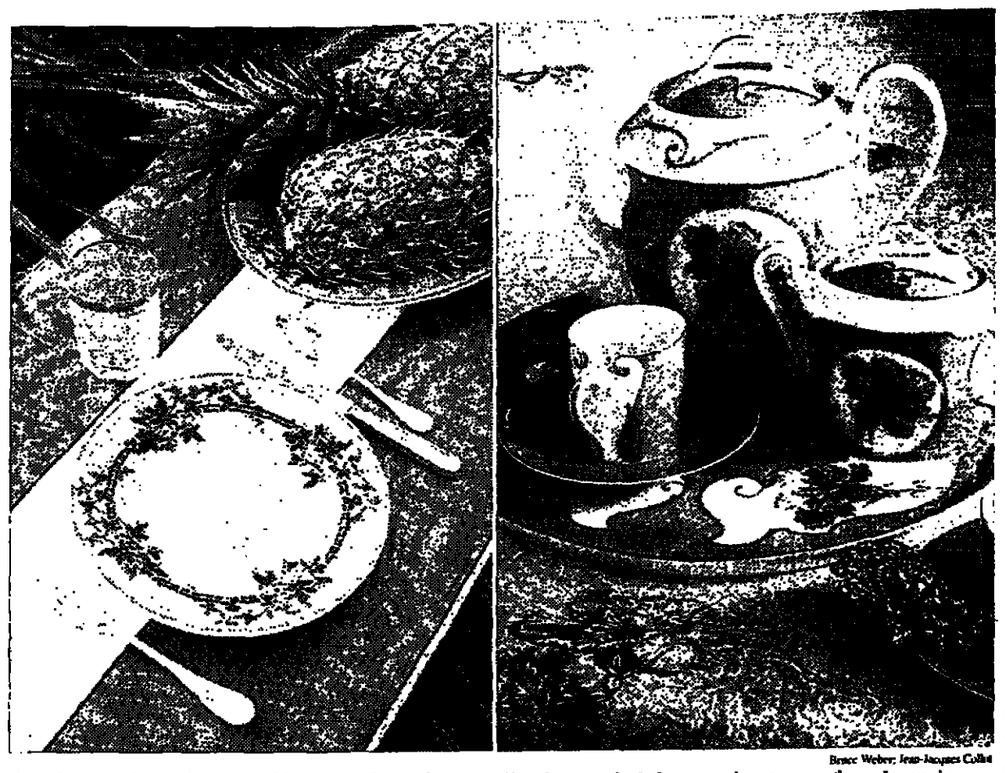
"La Croisiere Imaginaire" at Braquenie, 111 Boulevard Beaumarchais, 75003 Paris, until April 4.



Pierre Frey

Patrick Frey, whose Imaginary Cruise is drawing big crowds in Paris.

When a Plate Is a Fashion Plate



Bruce Weber; Jean-Jacques Collet

Gingham and ivy plate from Versace's Jeans home collection, and pink carnation tea set from Lacroix.

International Herald Tribune

PARIS — You thought "designer dining" was about pasta, coriander and California wine served on a stainless steel table in a white-walled bunker? Now think about the plates.

Perhaps they are flirty gingham check clutched by ivy leaves? Then they must be from Gianni Versace's latest junior homewares line.

If the plates are hot pink, turquoise and asparagus green (that's in one table setting), it must be Christian Lacroix's invitation to dine.

Flowers? Kenzo, of course. Hearts and flowers: *Leonard. Chains:* Hermes. Classic grandeur and lilies of the valley: Dior.

Fashion designers have brought their art to the table without much fanfare. But the key move of the 1990s is from clothing customers to dressing up their homes.

Building an entire universe with which a client can identify is the way *that fashion houses can increase* business and fortify an image.

Even if a designer had not put his/her plates on the table, you would just know that Calvin Klein's would be cream, plain and streamlined and Versace's baroque and over-the-top.

Lacroix's new range has that perfect-fit look about it, from the tea service blooming with pink carnations through the damask tablecloths in sweet chinoiserie colors and the cutlery with weird-and-wonderful handles like frozen tassels.

Launched by Christofle alongside the designer's couture collection, *Lacroix's Arts de la Table is a well-*thought-out extension of his fashion, with a similar emphasis on mixing unusual colors or textures and making a harmonious whole from a cultural patchwork.

The range includes china with arabesque tracery; colored crystal goblets; and lace-patterned or carnation-print table linen. Six collectors-item plates — decorated with heart, sunburst and bull-fighting motifs or fashion and theater sketches — reflect signature images of Lacroix's world.

In his Jeans home line, destined for a twentysomething's first apartment, Versace is creating the same parallel universe as in his fashion collections. Whereas his Versace plates (created with Rosenthal china) are swagged with ostentatious gilt, the new collection reflects the brash and hip junior clothes. The first is for a plush interior; the other might show up on a terrace in the open air. With the gingham and ivy china go checkered bed linens and *graphic towels.*

To celebrate the expanding range of homewares, from fancy bed linen through fancier furniture, Versace Home Signature is getting its own lifestyle areas, including a new boutique in the basement of the expanded Faubourg Saint Honore store in Paris.

Suzy Menkes

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THE WORLD'S DAILY NEWSPAPER

Looks Great on Screen, but Women Won't Buy It

By Suzy Menkes
International Herald Tribune

PARIS — Carmine red lips, a veiled cocktail hat, a *pencil-thin suit — that was supposed* to be the look of the season. But the failure of "Evita" to win an Oscar nomination for its fashion parade of costume changes mirrors the public's shunning of the movie's retro look.

The same synergy between film and fashion was slated for "Emma." But although the high-waisted, girlish Jane Austen dresses have been nominated for an Academy Award, the flimsy 1990s versions offered by Givenchy and Prada don't yet seem to have won the hearts and closets of modern women.

Now "Portrait of a Lady" has been nominated and the tight bodices and fanning skirts of the Henry James era are inevitably being promoted as fashion. The clothes may be romantic on screen, but they are never going to make it to the subway, in the office or even out to lunch.

So the symbiotic relationship between fashion and films is over?

The silver screen originally popularized slinky, bias-cut, drop-dead 1930s gowns. When Brigitte Bardot appeared in the 1960s in checked gingham in "Viva Maria," the look took off instantly. The hits of *the 1970s were Diane Keaton's funky layered clothes* and kooky hats in "Annie Hall" and the elongated silhouettes of Bonnie and Clyde. On the small screen, "Dynasty" and "Dallas" in the 1980s brought power suits and shoulder pads to main street.

But those screen images were not promoted as fashion; instead they captured the mood of the moment. And films still do that. A "Reservoir Dogs" look — dark, skinny, sinister suit and mean, narrow tie — has moved into fashion's language.

With shopping as a recreation in films from "Clueless" to "Everyone Says I Love You," stores are eager to appear on celluloid (think *Valentino shopping carrier and Harry Winston* ring). But those are movies of today's world.

Expecting women (why is it never men?) to wear the styles that defined Eva Peron in the 1950s or Emma in the early 1800s is not just retrospective, but retrograde. And modern women are too smart to buy the look along with their movie ticket.



Cinergi Pictures Entertainment Inc.; Chris Moore

The "Evita" look by Estee Lauder, and Givenchy's take on "Emma."

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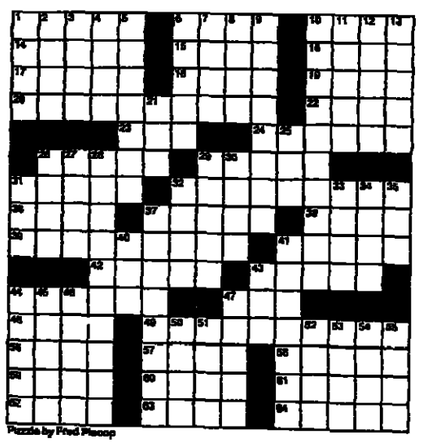
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20 Batman and Robin, e.g.
22 Evening, informally
23 G.I. dinner
24 Kitty —
26 *Where to find Chile powder?*
29 Vinegar: Prefix
31 Statement of belief
32 Obliquely
36 Diamond Head locale
37 Kind of mill
38 Within: Prefix
39 It's about thyme!
41 Impels
42 Expunge
43 Miniature map
44 50's-60's pitcher Don
47 Einstein's birthplace
48 Declare
49 Tinkers-Evers-Chance forte
56 New Zealander
57 Cartoonist Peter
58 Tylenol competitor
59 Mideast carrier
60 —— Hari
61 Wouk work
62 Beach, basically
63 Kind of car
64 Handle a baton

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1 Mortarboard wearer
2 Overly smooth
3 View from Stratford
4 Home who sang "Dead I Do"
5 Restrained, as a flow
6 Game with wooden balls
7 "—— Lang Syne"
8 Jacob's twin
9 Aromatic
10 Prominent *Manhattan sight*
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26 Give —— (care)
27 Royal Crown Cola brand
28 Condition in *kids' card games*
29 —— B. Toklas
30 Amontillado holder
31 Subjects for Barron's: Abbr.
32 Sp. ladies
33 "Picnic" writer
34 Manuscript mark
35 Dawn goddess
37 Sporty Pontiacs
40 Palindromic preposition
41 Not intentional
43 "Well, —— be!"
44 Aral and Caspian Seas, really
46 *Spanish tourist* center
48 "Laugh-In" co-host
47 W.W. II predator
50 Kind of thermometer
51 Biblical preposition
52 Farm need
53 —— Strauss jeans
54 Swear
55 "Gimme a C . . . I" is one



Puzzle by Fred Piscop

© New York Times/Edited by Will Shortz

Solution to Puzzle of Feb. 17

D	E	L	I		E	L	L	A	S		A	F	E	W
E	L	O	N		M	E	A	D	E		C	O	L	A
J	A	C	K	S	O	N	K	E	N	T	U	C	K	Y
A	N	I	S	E	T	T	E			A	M	I	E	S
			T	I	E		S	A	X	E				
M	A	D	I	S	O	N	I	L	L	I	N	O	I	S
I	R	O	N	O	N		D	O	A			K	O	A
M	O	R	A	N		Z	I	P		A	P	I	N	G
I	L	S		M	A	O		A	S	O	N	I	A	
C	L	I	N	T	O	N	M	I	C	H	I	G	A	N
		O	H	M	Y		L	E	I					
A	L	O	N	E			N	O	T	E	P	A	D	S
J	E	F	F	E	R	S	O	N	O	R	E	G	O	N
A	N	N	A		P	A	G	A	N		A	U	R	A
R	O	O	T		M	O	O	S	E		L	A	M	P

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Sumitomo Targeted in Copper Trial

Trader Appears Set To Tarnish Employer

By Sheryl WuDunn
New York Times Service

TOKYO — Yasuo Hamanaka, the copper trader at the center of a $2.6 billion trading scandal at Sumitomo Corp., admitted Monday that he was guilty of forgery and fraud as described by prosecutors. But the brash trader is preparing to prevent Sumitomo from getting off squeaky clean, too.

It may not be quite a showdown. But Mr. Hamanaka, Sumitomo's former star trader who was nicknamed Mr. Five Percent because of the influence he wielded over the world's copper markets, is planning to wage his own battle of sorts against the company, according to one of the lawyers on his defense team.

One of the most intriguing questions has been whether senior management at Sumitomo was in any way involved or aware of Mr. Hamanaka's off-the-book trading. Financial experts say it is hard to believe that one person could single-handedly hide such massive losses over a decade.

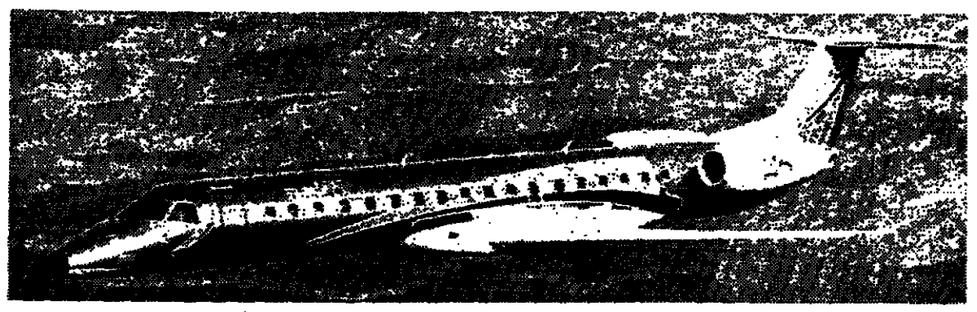
Mr. Hamanaka is said to have engaged in the trading of copper futures on a total of 1.05 million tons, equivalent to more than 70 percent of copper consumed in Japan.

Mr. Hamanaka's defense team seems to be planning to turn Sumitomo's lax monitoring practices into a pivotal issue in the trial, which opened with the arraignment on Monday.

"Our concern at this juncture is to pursue whether the company could have prevented the incident or whether the company is liable for it," said Toru Yoshiki, one of Mr. Hamanaka's three lawyers.

The defense's strategy may be part of an effort to win leniency for Mr. Hamanaka, who was arrested on Oct. 22 and faces 15 years in jail for fraud and forgery charges. Any fault found on the part of Sumitomo could perhaps help shorten Mr. Hamanaka's sentence.

So far, however, no one else at Sumitomo has been charged with involvement in the massive losses.



Jane's All the World's Aircraft/Empresa Brasileira de Aeronautica (top); Bombardier Inc. (bottom)

Small jets, like the Embraer-145, above, and Bombardier's plane, below, give airlines more flexibility.

Small Jets Behind Pilots Dispute

By Adam Bryant
New York Times Service

NEW YORK — The bitter confrontation between American Airlines and its pilots union has its roots in a growing innovation in air travel — small jets — that the company wants to use on many routes.

Also known as regional jets or commuter jets, these aircraft are replacing turboprop planes on routes that do not have enough passengers to justify larger jetliners.

While popular with travelers — who like the jets' speed and ability to fly above turbulence — these small planes are seen by the pilots as a way for American Airlines to replace many of the larger jets, as well as their jobs, by shifting business to its American Eagle commuter subsidiary and its lower-paid pilots.

American's parent company, AMR Corp., insists that American Eagle pilots must fly these jets if the company hopes to compete profitably with other carriers that already fly them.

The intransigence of both sides on the issue goes a long way toward explaining why they were willing to bear the heavy cost and disruption of a strike, which was averted for 60 days when President Bill Clinton intervened last weekend.

To a degree, the dispute at American Airlines is similar to the labor strife that resulted from significant changes in the steel and telecommunications industries. In those industries, new technology, like the steel industry's mini-mills, allowed companies to operate more efficiently with fewer workers.

By all accounts, the small jets are rapidly changing the complexion of the airline industry. Some industry experts consider the introduction of the small jets to be similar to improvements that enabled aircraft to fly with fewer engines and smaller cockpit crews.

"The airline industry has always been able to provide travelers lower prices as a result of upgrades in technology," said Candace Browning, an industry analyst at Merrill Lynch & Co., who estimated that half of all commuter airline fleets will be small jets instead of turboprops in 10 years.

The biggest user of the regional jets in the United States is Comair, a commuter partner of Delta Air Lines, which flies the 50-seat Canadair regional jet on such routes as Cincinnati to Des Moines, Iowa, and Salt Lake City, Utah, to Boise, Idaho.

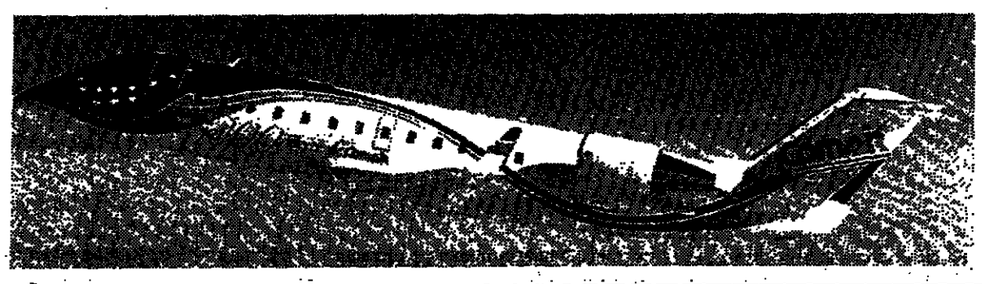
Canadair, a subsidiary of Bombardier Inc. of Montreal, first introduced the small jets into service in 1992, has delivered 154 of them around the world, and has orders to deliver an additional 76. Canadair is also planning to build a 70-seat version of its current 50-seat model.

Airlines including Continental have also ordered a small jet, the Embraer-145, made by Empresa Brasileira de Aeronautica of Brazil.

The regional jets cost about $20 million each, compared with $35 million for a Boeing 737 that seats more than 100.

These jets are in many respects at the leading edge of a shift in the airline industry toward more direct service. Although the industry has revolved in the last two decades around the notion

See JETS, Page 12



Prodi Asks Germans: Will YOU Be Ready?

Prime Minister Presses Case To Include Italy in Euro Launch

By John Schmid
International Herald Tribune

FRANKFURT — Prime Minister Romano Prodi traveled to Germany's Euroskeptical heartland Monday to press his case to include Italy in the launching of a single European currency.

But instead of issuing statements to reassure German fears, he questioned Germans' commitment to the euro.

"We see our future in Europe," Mr. Prodi said. "I don't know if that is the case in Germany."

During Mr. Prodi's two-city trip he also said that Italy would fight any "discrimination" in the form of political decisions to exclude Italy when the new currency is inaugurated.

He warned that initial exclusion of Italy could spark an unwanted competitive devaluation for the lira with harmful trade ramifications for the new currency bloc.

Mr. Prodi, visiting Germany for the second time in 11 days, has undertaken a virtual roadshow to counter the widely shared German perception that Italy has few chances of making the first wave of entrants for the project.

"I fully trust the fact that Italy will be ready for next spring," when European leaders decide which nations will be in the elite group, Mr. Prodi said at a news conference in Munich, the capital of one of Germany's most conservative states.

Mr. Prodi met with Premier Edmund Stoiber of Bavaria, one of Germany's most vocal critics of a single European currency. After the meeting Mr. Stoiber said: "I welcome the fact that Prodi told me he wanted to stick to the criteria for EMU entry."

Later in Frankfurt, Mr. Prodi addressed a group of Germany's business and financial elite, including Hans Tietmeyer, president of the Bundesbank and one of Germany's most outspoken advocates of adhering to tight economic selection criteria for participating members in the single currency. Two weeks ago, Mr. Prodi met with German political leaders in Bonn.

Polls show that German voters, who blame inflation for the loss of their savings, are frightened that admission of Italy into the single currency club will create an inflation-prone euro.

Supporters of the euro fear that Germans may be unwilling to abandon their sturdy Deutsche mark for what they view as a weaker substitute, forcing a delay that could undermine the entire project. Mr. Prodi's nine-month-old government, meanwhile, has continued to promise the Italian people that Italy will be in the first wave.

That fundamental rift between Italy and Germany has led to reports of a secret deal to exclude Italy initially, to appease the Germans, but then guarantee Italy's entry into the single currency before the introduction of new euro notes and coins in 2002.

Despite Mr. Prodi's strong statements, his trip was meant to win favor in Germany at the grassroots level. Mr. Prodi took pains to show that he had mastered Germany's rhetoric of monetary stability, praising the principle of independence for central bankers and stressing that all deficit reductions must be "sustainable" — a key word in the German monetary lexicon.

But he added: "Last year Germany was a model. This year Germany is a disaster. I would expect stronger leadership from Germany."

It will be an uphill public relations effort, Mr. Prodi said. "The problem of stability is a problem for Italy," he said.

Separately, Germany attempted to calm fears that a surge in unemployment would derail its attempt to meet the qualifying conditions for the launching of a single currency this year and force the launching of the euro to be delayed.

"Germany will meet the criteria," the secretary of state for finance, Juergen Stark, said at a meeting of European finance ministers in Brussels that was overshadowed by fears that the cost of unemployment could destroy EU governments' ability to cut their budget deficits below the required 3 percent of gross domestic product.

Thinking Ahead /Commentary

West Squabbles Over Europe's Map

By Reginald Dale
International Herald Tribune

WASHINGTON — Disagreement over the future economic and political map of Europe is threatening to strain relations between the United States and the European Union just when they should be working together to consolidate the West's Cold War victory.

The issue that is rapidly becoming the hottest topic in trans-Atlantic diplomacy is this: Should there be a link between the enlargement of the North Atlantic Treaty Organization and the expansion of the EU to include new members in Central and Eastern Europe?

The question sounds abstruse. But the attempt to answer it is revealing big differences over the future role of the EU, not only between Europeans and Americans, but inside Europe, too.

The problem is becoming urgent as NATO prepares to name the first countries that will be invited to join the alliance — almost certainly Poland, Hungary and the Czech Republic, and perhaps Slovenia. Because they are the most westernized, those countries are also the first in line for EU entry, probably a few years later.

The challenge is what to do for countries left out of the first round of expansion so as to let Moscow know they are considered part of the West and not up for grabs.

Most sensitive are the three Baltic States — Estonia, Latvia and Lithuania — which Moscow will probably succeed in keeping out of NATO for the foreseeable future. Romania, Bulgaria and Slovakia are also likely to be excluded, at least initially, from both NATO and the EU.

All these countries seek EU membership, and many Americans now want them to be admitted quickly to compensate for being left out of NATO. Additionally, some Americans argue, the U.S. Senate may hesitate to ratify NATO's enlargement if the

Should there be a link between NATO enlargement and the expansion of the EU?

Europeans are not visibly contributing to Western security.

But the idea is reviving fears in Europe that Europeans will increasingly be required to pay for U.S. foreign policy decisions. European officials add that the Americans do not seem to understand the complexities of European economic integration; that the EU is not a security organization and that Washington cannot tell the Union whom to admit and when.

The European response is weakened by the EU's internal divisions. German federalists, for instance, want the Union and NATO to be enlarged in parallel so as to promote their vision of a powerful, united Europe with a defense as well as an economic dimension. That is anathema to Britain.

Germany and Britain also disagree over whether a renewed offer of EU membership should be made to Turkey, a key NATO member, with Britain and the United States in favor and Germany against.

But the Europeans are quite right that EU enlargement cannot be artificially accelerated. It is equally absurd to argue, as some Americans do, that the EU is slowing its eastward expansion for fear of low-cost competition.

Most industrial goods from Central Europe already have free access to the Union and, while EU political leaders are urging rapid entry for Central Europeans, the Czech Republic and Poland are signaling they need more time.

Both Americans and Europeans are in danger of letting doctrinaire quibbling obscure the huge prize of a Europe "whole and free" for the first time in recorded history. But France has offered a possible way out.

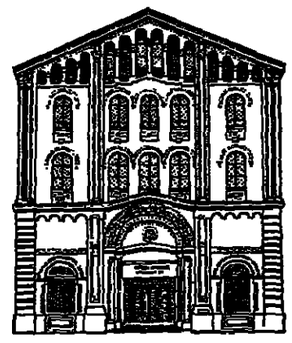
The French have proposed an ongoing pan-European conference comprising all the official candidate countries for EU membership. The new body would show that these countries all have a "European vocation" even if some join the Union later than others.

Countries of the former Soviet Union would not be included. The challenge would then be to blur the line separating them from the new "western" Europe rather than to push them back into Russia's arms.

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CURRENCY & INTEREST RATES

Cross Rates

Feb.17

	$	£	DM	FF	Lire	Dfl	BF	SF	Yen	C$	Peseta
Amsterdam	1.7615	2.8835	1.1704	0.3307	0.1157*	—	5.4385*	1.388	1.5355*	1.4115	1.228*
Brussels	32.975	54.08	21.9032	6.1885	2.0908*	18.3865	—	25.7875	0.2818	25.59	24.4075*
Frankfurt	1.469	2.7465	—	0.2764	0.1031*	0.7582	4.8464*	1.3477	1.2654*	1.2538	1.1814*
London (a)	1.0481	—	2.7426	0.277	2.7122.242	2.8829	56.7156	2.3806	281.3884	2.2859	220.2868
Madrid	140.3334	228.347	84.684	25.674	8.569*	25.373	4.7803	97.157	115.519*	184.681	—
Milan	1,671.75	2,713.01	997.00	302.00	—	878.45	67.748	1,331.25	13.682	1,226.65	11.681
New York (b)					Closed						
Paris	5.7165	9.3025	3.3542	—	0.3438*	3.086	0.1835	3.3748	4.6871*	4.2307	3.9885*
Tokyo	124.65	202.32	73.58	21.82	0.748	65.55	3.9675	84.87	—	92.38	0.87
Toronto	1.353	2.197	0.7797	0.2357	0.0809*	0.7092	0.0353*	0.9719	1.0825*	—	0.942*
Zurich	1.4377	2.3354	0.8272	0.2503	0.0857*	0.7532	4.2238*	—	1.1509*	1.0616	1.0002*
1 ECU	1.354	2.2122	1.9533	0.577	1,930.40	2.7945	49.3498	1.7035	140.379	1.5593	145.306
1 SDR	1.3802	0.8536	2.3301	7.8518	2,597.86	2.611	46.8934	2.8172	122.88	1.388	197.086

Closings in Amsterdam, London, Milan, Paris and Zurich. Rates in other centers: New York and Toronto rates at 3p.m.
*a: To buy one pound; b: To buy one dollar. *Units of 100; N.Q.: not quoted; N.A.: not available.*

Other Dollar Values

Feb.14

Currency	Per $	Currency	Per $	Currency	Per $	Currency	Per $
Argent. peso	0.9998	Greek drac.	263.45	Mex. peso	7.786	S. Afr. rand	4.416
Australian $	1.3072	Hong Kong $	7.7491	N. Zealand $	1.4434	S. Kor. won	874.80
Austrian sch.	11.855	Hung. forint	174.02	Norw. krone	6.702	Swed. krona	7.38
Brazil real	1.0486	Indian rupee	35.92	Phil. peso	26.34	Taiwan $	27.53
Chinese yuan	8.3222	Indo. rupiah	2379.5	Polish zloty	3.03	Thai baht	26.03
Czech koruna	28.50	Irish £	0.6393	Port. escudo	169.59	Turkish lira	119195
Danish krone	6.4021	Israeli shek.	3.3486	Russ. ruble	5652.0	UAE dirham	3.6705
Egypt. pound	3.3985	Jpse dinar	0.3012	Saudi riyal	3.75	Venez. bolfv.	472.00
Fin. markka	4.989	Malay. ring.	2.4838	Sing. $	1.4173		

Forward Rates

Feb.14

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6190	1.6181	1.6177	Japanese yen	123.59	123.06	122.52
Canadian dollar	1.3490	1.3462	1.3434	Swiss franc	1.4992	1.4645	1.4496
Deutsche mark	1.4826	1.4793	1.4757				

Sources: ING Bank (Amsterdam); Indosuez Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Toronto); IMF (SDR). Other data from the Associated Press, Bloomberg and Reuters.

Libid-Libor Rates

Feb.17

	Dollar	D-Mark	Swiss Franc	Sterling	French Franc	Yen	ECU
1-month	5⅛ - 5¼	3⅛ - 3¼	1⅝ - 1¾	6⅛ - 6¼	3⅛ - 3¼	⅞ - 1	4 - 4⅛
3-month	5⅛ - 5⅛	3⅛ - 3⅜	1⅝ - 1¾	6⅛ - 6⅜	3⅛ - 3⅜	⅞ - 1	4 - 4⅛
6-month	5⅛ - 5⅛	3⅛ - 3⅜	1⅝ - 1¾	6⅛ - 6⅜	3⅛ - 3⅜	⅞ - 1	4 - 4⅛
1-year	5⅛ - 5⅜	3⅛ - 3⅜	1⅞ - 1⅞	6⅛ - 6⅜	3⅛ - 3⅜	1 - 1⅛	4 - 4⅛

Sources: Reuters, Lloyds Bank. Rates applicable to interbank deposits of $1 million minimum (or equivalent).

Key Money Rates

United States	Close	Prev	Britain		
Discount rate	5.00	5.00	Bank base rate	6.00	6.00
Prime rate	8¼	8¼	Call money	6.00	6.00
Federal funds	Clsd.	5⅛	1-month interbank	6⅛	6⅛
90-day CDs dealers	–	5.34	3-month interbank	6⅛	6⅛
180-day CP dealers	–	5.27	6-month interbank	6⅛	6⅛
3 month Treasury bill	–	5.08	10-year Gilt	7.13	7.07
1-year Treasury bill	–	5.42			
2-year Treasury bill	–	5.75	France		
5-year Treasury note	–	6.05	Intervention rate	3.10	3.10
7-year Treasury note	–	6.15	Call money	3⅛	3⅛
10-year Treasury note	–	6.26	1-month interbank	3⅛	3⅛
30-year Treasury bond	–	6.52	3-month interbank	3⅛	3⅛
Merrill Lynch 30-day RA	–	4.89	6-month interbank	3⅛	3⅛
Japan			10-year OAT	5.60	5.57
Discount rate	0.50	0.50			
Call money	0.43	0.44			
1-month interbank	0.56	0.56			
3-month interbank	0.56	0.56			
6-month interbank	0.59	0.59			
10-year Govt bond	N.Q.	2.46			
Germany					
Lombard rate	4.50	4.50			
Call money	3.15	3.15			
1-month interbank	3.20	3.18			
3-month interbank	3.18	3.16			
6-month interbank	3.18	3.15			
10-year Bund	5.51	5.49			

Sources: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo-Mitsubishi, Commerzbank, Credit Lyonnais.

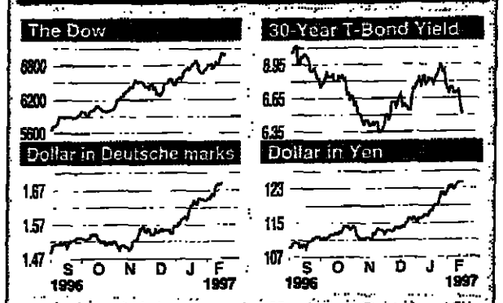
Gold

	A.M.	P.M.	Ch'ge
Zurich	343.75	344.35	+1.50
London	343.60	344.10	+2.60
New York		Closed	

U.S. dollars per ounce. London official fixings; Zurich and New York opening and closing prices. New York Comex (April).

Source: Reuters.

Investor's America



Exchange	Index	Monday @3:30PM	Prev. Close	% Change
NYSE	The Dow	Closed	6988.96	
NYSE	S&P 500	Closed	808.45	
NYSE	S&P 100	Closed	787.39	
NYSE	Composite	Closed	423.46	
U.S.	Nasdaq Composite	Closed	1367.19	
AMEX	Market Value	Closed	564.15	
Toronto	TSE Index	6217.10	6209.10	+0.13
São Paulo	Bovespa	87583.24	86999.93	+0.79
Mexico City	Bolsa	3845.92	3825.11	+0.54
Buenos Aires	Merval	727.43	725.96	+0.22
Santiago	IPSA General	5329.78	5346.09	-0.31
Caracas	Capital General	6613.39	6636.93	-0.35

Source: Bloomberg, Reuters — International Herald Tribune

Very briefly:

CompuServe Chief Executive Quits

COLUMBUS, Ohio (AP) — Robert Massey, president and chief executive of CompuServe, resigned Monday from the financially troubled on-line service.

CompuServe's parent, H&R Block Inc., said Mr. Massey had quit to pursue other interests. Mr. Massey, 50, joined CompuServe in 1976 and became chief executive in June 1995. Chairman Frank Salizzoni has been named as an interim successor.

The company reported a $58 million loss in the quarter ended Oct. 31. It also shut its family oriented WOW! service Jan. 31. A spokesman said that the resignation had nothing to do with the financial troubles at CompuServe, the second-biggest U.S. on-line service after America Online Inc.

• **BET Holdings Inc.**'s Black Entertainment Television Inc. unit and **Microsoft Corp.** have formed a joint venture to produce interactive programming on the Internet, targeting African-Americans.

• **Canada** plans to bolster competition in its tightly controlled banking industry by loosening restrictions on foreign banks, officials in Ottawa said.

• **American Axle & Manufacturing Inc.**'s unionized workers reached a tentative contract agreement with management of the company, which supplies **General Motors Corp.** and **Ford Motor Corp.**, United Auto Workers officials said. The deal was announced barely 15 minutes before a strike at five of the firm's plants was to go into effect.

• **Tellabs Inc.**, a data communications equipment maker, said it had acquired **Trelcom Oy** of Finland for $3.04 million.

• **Cineplex Odeon Corp.** said it forged a deal with striking projectionists from the International Alliance of Theatrical Stage Employees who have been locked out since Oct. 28.

NYT, Reuters, AFX, Bloomberg

Chicago Board Gets Face-Lift

But Traders Aren't Ready to Forgo Shouting

By Barnaby J. Feder
New York Times Service

CHICAGO — It's hoopla time at the Chicago Board of Trade, where what is proudly billed as "the world's largest trading floor" opens for business Tuesday morning. The new trading hall will be home to as many as 8,000 traders, brokers and support staff members. Board of Trade officials say the advanced technology should help the exchange maintain its longtime ranking as the world's leading futures and options marketplace.

In fact, though, the new trading floor is not really a showcase of the cutting edge in trading technology. While the floor is ready for traders and brokers to use the latest technology, the truth is that most have no intention of doing so for now. Trading on Tuesday will not look much different from trading last week, because the new floor is less a showcase than a reminder that the deployment of new technology is often retarded by the conflicting agendas, experience and fears of the people who will use it.

The Board of Trade's chairman sees the new floor as a starting point that could accelerate technological changes. "The new floor creates an environment to get people to think less defensively about technology," said Patrick Arbor, the chairman.

"There's a lot of what's been done here that can't be explained except by referring to their traditions," said Charles Kinsey, chief executive of Space Management Programs Inc., the Chicago-based interior architect for the $182 million Board of Trade project.

Those traditions start with "open outcry" trading, in which futures and options contracts on everything from corn to Treasury bonds change hands via shouted and hand-signaled bids and offers.

Impenetrable to outsiders even when trading is calm, it is a muscular world rooted in the 19th century.

Open outcry bears little outward resemblance to newer computer-based methods of trading where office-bound brokers and traders armed with sophisticated mathematical models and surrounded by screens of news and price information make deals with unseen counterparts as likely to be in Tokyo or London as across town.

If where you sit in computerized trading is irrelevant, where you stand in open outcry systems is crucial. Brokers on the top rung at the outside of a pit have clear sightlines to booths at the edge of the floor from which they receive orders via hand signals.

They enjoy easier access than those in the pits to runners bringing information from other sources. They can see the whole pit easily, which is an advantage when filling orders.

"There are all sorts of competing business interests within an exchange but there always seems to be a very strong sentiment of it ain't clearly broke don't fix it," said Daniel Rappaport, chairman of the New York Mercantile Exchange.

For a time starting in the late 1980s, the common wisdom in trading circles was that for all their benefits open outcry systems were destined to go the way of the dinosaur.

The Board of Trade pursued a range of actions aimed at sustaining pit trading, including investing in electronic trading systems that would handle some of its products during hours when the pits were closed.

Many Board of Trade officials felt the building project had to add not just elbow room but better access to market information (the new room has giant electronic billboards carrying news from several wire services along with trading data) and faster communications among the employees and customers of trading firms. It also had to move everyone closer to paperless trading.

That last goal requires electronic orders and record-keeping from start to finish, including the use of hand-held electronics in the pits.

"We've put in place all the right building blocks with the new floor," claims J. Donald Karmazin, senior vice president of technology at the Board of Trade.

Outlook for Germany Fuels Rise for Dollar

Compiled by Our Staff From Dispatches

The dollar rose against the Deutsche mark in European trading Monday, oblivious to official calls for calm as traders fretted about the weak German economy and the single European currency.

With U.S. markets closed for the Presidents' Day holiday, investors shifted their attention to the foreign-exchange market where the dollar surpassed 1.7000 DM for the first time since April 1994.

With New York closed, European buying was not strong enough to carry the dollar through the barrier of 1.7000 DM, but by the close it was just a fraction lower at 1.6997 DM, compared with 1.6874 DM in New York on Friday.

The U.S. currency was trading at 124.40 yen in Europe, up from 124.25 Friday.

It was also at 1.4815 Swiss francs, up from 1.4650 francs, and at 5.7289 French francs, up from 5.6890.

The pound was quoted at $1.6145, down from $1.6220 late Friday.

"The outlook for the dollar is still positive, in view of continued economic problems in Germany and Japan," said Gerard Lyons, chief economist at DKB International.

One of the market's concerns is Germany's economic situation and whether it weakens prospects for European economic and monetary union, which is scheduled for 1999.

With German unemployment at the highest level since the 1930s, there are growing doubts about whether Bonn can cut its budget deficit to 3 percent of gross domestic product, a key criterion for membership in EMU.

"Dealers have a negative view of the mark, and the market is betting on an eventual monetary loosening in Germany in view of the German economy's weakness," said Don Smith, economist at HSBC Midland.

EMU is inconceivable without Germany, by far the European Union's biggest economy, and one of

FOREIGN EXCHANGE

the most enthusiastic supporters of the single currency, the euro.

Germany's state secretary for finance, Juergen Stark, said Monday the deficit target would be met. But not everyone in the financial markets believes him.

"There's a risk premium related to the uncertainty on what's going to happen to the mark and what kind of euro we'll have and when, and until this issue is clarified, it will almost always be negative for the Deutsche mark," said Giorgio Radaelli, senior international economist at Lehman Brothers in London.

The Bundesbank's vice president, Johann Wilhelm Gaddum, was the latest European official to attempt to slow the dollar's relentless climb, saying he saw no reason for a weaker mark.

On a visit to India, Mr. Gaddum said he understood why investors were attracted to the dollar but did not believe the currency markets were seeing the full picture of the mark's future evolution.

"There is no reason for a weaker Deutsche mark," he said. "I am not looking for strength for the dollar, I am looking for the strength, possible future strength of the Deutsche mark."

But traders said the dollar's gains against the yen were limited by concerns that central banks — notably the Bank of Japan — might intervene to stem its rise. Intervention fears were stoked overnight by a report that Japan and the United States had agreed that the Bank of Japan could intervene if the yen dropped sharply. *(Reuters, AP)*

U.S. Markets Closed

Financial markets in the United States were closed Monday for the Presidents' Day holiday.

Promising a Faster Web With New Software

By John Markoff
New York Times Service

SAN FRANCISCO — The World Wide Wait may be coming to an end.

The explosive growth of the World Wide Web in the past five years has created computer traffic jams as the number of users has outstripped the hardware and data-network resources on which the Internet is based.

But now a group of researchers has demonstrated that not all of the congestion results from the sheer weight of the millions of new users trying to squeeze onto the Internet. They suggest that a significant part of the delay is the fault of the design of the software underlying the Web. A study published by the group, based at the World Wide Web Consortium in Cambridge, Massachusetts, an industry-sponsored group that sets standards, also shows that a redesign of that software would improve basic performance on the Web.

Using such redesigned software, the authors of the report were able to retrieve data twice to eight times as fast as they would have using current World Wide Web software.

Later this year, browsers that support the new protocol are to be available.

The World Wide Web software works in conjunction with the basic software of the Internet, known as TCP/IP. The Internet consists of a growing collection of software protocols, and the Hypertext Transfer Protocol — the "http" at the beginning of many electronic addresses — has been the basis of the World Wide Web since 1990.

"Everyone has known about the problems involving congestion on the Internet," said Jim Gettys, a Digital Equipment Corp. software designer who is a visiting scientist at the consortium and is one of the authors of the study. "What is less well known is that the World Wide Web protocol has been defeating the congestion control mechanisms in the Internet's underlying protocols."

Companies like Netscape Communications Corp. and Microsoft Corp. are readying versions of their software that are based on the new version of the protocol, H.T.T.P./1.1. And one of the most common server programs used on the Internet, the Apache server, has recently added the capacity.

As more computer users convert to Web browsers that support the new protocol, they will see significant increases in speed as they retrieve information from servers that have the new software.

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18-2-97

JETS: *Use of Smaller Planes Fuels Pilot Dispute at American*

Continued from Page 11

of feeding passengers into big hub airports and requiring them to take a second flight to their destinations, airlines are also increasingly offering more direct service. The small jets play into this strategy, since they are able to fly longer distances nonstop than turboprop planes, although not as far as larger jetliners.

Despite the sophistication of modern turboprop planes, they are widely perceived by travelers as inferior to jets — so much so that cities like Amarillo, Texas, guarantee a profit for American Airlines to offer jet service. Without such subsidies, American would offer American Eagle service instead.

Assessing the long-term impact of the regional jets if they were placed into service in American Eagle or American is a matter of considerable debate between American and its pilots, who are represented by the Allied Pilots Association.

And their differences on the issue will undoubtedly continue to be a sticking point over the next two months in discussions with a presidential emergency board of three mediators trying to head off another strike by American's pilots, which they will be free to do after 60 days.

Within 30 days, the mediators will try to come up with a proposal that they think both sides will accept. This week, the two sides are preparing presentations to the mediators, and the settlements that each side suggests may not be those that were proposed Friday.

The positions may revert to those they held before talks began in Washington last week. The company agreed last fall to offer a 5 percent wage increase over four years and 5.75 million stock options to be distributed among the 9,000 pilots at American. But in early January, the rank and file voted against that deal by a margin of almost two to one.

Almost two weeks ago, the pilots announced their new proposal: an 11 percent raise over four years and 7.25 million stock options, as well as a demand that all jet flying be done by American pilots.

People familiar with details of the recent negotiations said that union leaders had realized that the company would not give in to the pilots' demands that they fly the small jets.

And indeed, airline executives held their ground in the face of a strike that they had said they could not afford. Even though the strike was ended after 24 minutes, just the threat of a strike drove away enough passengers to cost the airline about $100 million in lost profits, executives said.

After the strike was halted, Donald Carty, president of American Airlines, said that the regional jet issue had been settled, but that the two sides could not agree on the size of a package of raises and stock options for the four-year contract.

But people familiar with the pilots' stance said the union was demanding higher raises for giving American what it wanted on the regional jet issue; in effect, the jet issue made the pilots dig in further on their demands about compensation.

INTERNATIONAL FUTURES

Feb. 17, 1997

Metals

	Close	Previous
LONDON METALS (LME)		
Dollars per metric ton		
Aluminium (High Grade)		
Spot	1532½	1533½ 1530½ 1531½
Forward	1565½	1566½ 1563.00 1563½
Copper Cathodes (High Grade)		
Spot	2321.00	2323.00 2346.00 2351.00
Forward	2265.00	2266.00 2257.00 2258.00
Lead		
Spot	646½	647½ 650½ 651½
Forward	655.00	653.00 658½ 659.00
Nickel		
Spot	7670.00	7680.00 7650.00 7660.00
Forward	7768.00	7769.00 7740.00 7745.00
Tin		
Spot	5965.00	5975.00 5925.00 5935.00
Forward	6015.00	6020.00 5975.00 5980.00
Zinc (Special High Grade)		
Spot	1193.00	1194.00 1184½ 1186½
Forward	1215.00	1216.00 1207.00 1209.00

Financial

	High	Low	Close	Chge	Opint
LONG GILT (LIFFE)					
£50,000 - pts & 32nds of 100 pct					
Mar97	113-11	113-03	113-06	— 0-04	197,383
Jun97	112-25	112-22	112-25	— 0-03	6,822
Est. sales: 35,497. Prev. sales: 80,584					
Prev. open int.: 204,205 up 3,597					

GERMAN GOVERNMENT BUND (LIFFE)
DM250,000 - pts of 100 pct

Mar97	103.60	103.39	103.58	— 0.03	248,948
Jun97	102.76	102.57	102.76	— 0.02	24,496

Est. sales: 77,520. Prev. sales: 211,521
Prev. open int.: 273,444 up 6,064

	High	Low	Close	Chge	Opint
10-YEAR FRENCH GOV. BONDS (MATIF)					
FF500,000 - pts of 100 pct					
Mar 97	132.12	132.36	—	0.08	138,357
Jun 97	131.08	130.84	131.04	— 0.10	14,797
Sep 97	129.24	129.24	129.24	— 0.10	1,369
Dec 97	N.T.	N.T.	98.66	— 0.08	0
Est. volume: 65,246. Open Int.: 156,417 up 671.					
ITALIAN GOVERNMENT BOND (LIFFE)					
ITL 200 million - pts of 100 pct					
Mar97	131.13	130.54	130.67	— 0.27	121,856
Jun97	130.40	129.95	130.03	— 0.24	16,323
Sep97	N.T.	N.T.	130.17	— 0.27	
Est. sales: 35,277. Prev. sales: 85,343					
Prev. open int.: 138,779 up 4,789					
3-MONTH STERLING (LIFFE)					
£500,000 - pts of 100 pct					
Mar97	93.70	93.69	93.70	Unch.	102,302
Jun97	93.47	93.45	93.47	— 0.01	118,367
Sep97	93.29	93.27	93.29	Unch.	85,309
Dec97	93.16	93.14	93.16	Unch.	56,819
Mar98	93.07	93.05	93.07	Unch.	39,174
Jun98	92.99	92.98	93.00	Unch.	37,198
Sep98	92.94	92.92	92.94	Unch.	21,844
Dec98	92.89	92.87	92.89	+ 0.01	18,504
Mar99	92.81	92.81	92.84	+ 0.01	8,476
Jun99	92.76	92.74	92.78	+ 0.02	7,589
Sep99	92.69	92.69	92.73	+ 0.02	7,264
Dec99	92.66	92.66	92.69	+ 0.01	4,829
Est. sales: 12,746. Prev. sales: 48,505					
Prev. open int.: 506,865 up 1,165					
3-MONTH EUROMARK (LIFFE)					
DM1 million - pts of 100 pct					
Feb97	96.81	96.80	96.81	Unch.	4,006
Mar97	96.87	96.84	96.86	Unch.	187,551
Apr97	96.88	96.86	96.88	— 0.01	4,875
Jun97	96.90	96.87	96.89	Unch.	176,389
Sep97	96.83	96.81	96.83	Unch.	149,287
Dec97	96.69	96.66	96.68	— 0.01	176,869
Mar98	96.53	96.50	96.53	Unch.	123,187
Jun98	96.35	96.33	96.35	Unch.	108,546
Sep98	96.15	96.11	96.13	Unch.	77,578
Dec98	95.91	95.87	95.89	Unch.	69,898
Mar99	95.67	95.65	95.66	— 0.01	47,175
Jun99	95.43	95.42	95.42	— 0.01	24,875
Sep99	95.18	95.16	95.17	— 0.01	20,395
Dec99	94.93	94.92	94.92	— 0.01	20,463
Mar00	94.71	94.71	94.71	— 0.01	2,478
Jun00	N.T.	N.T.	94.49	— 0.01	464
Sep00	94.32	94.32	94.31	— 0.01	351
Dec00	94.14	94.14	94.13	— 0.01	735
Est. sales: 66,469. Prev. sales: 166,548					
Prev. open int.: 1,189,222 off 99					
3-MONTH PIBOR (MATIF)					
FF5 million - pts of 100 pct					
Mar 9796.71	96.69	96.70	— 0.01	64,248	
Jun 9796.76	96.73	96.75	— 0.01	49,261	
Sep 9796.73	96.71	96.73	+0.01	35,421	
Dec 9796.66	96.65	96.66	— 0.01	30,334	
Mar 9896.57	96.54	96.57	+0.01	18,774	
Jun 9896.44	96.41	96.43	+0.01	17,212	
Sep 9896.26	96.23	96.26	+0.01	12,351	
Dec 9896.05	96.04	96.05	+0.01	9,920	
Mar 98N.T.	N.T.	95.82	— 0.01	12,771	

	High	Low	Close	Chge	Opint
Jun 9995.56	95.56	95.58	+0.00	6,384	
Sep 9995.36	95.35	95.36	— 0.01	3,486	
Dec 9995.12	95.12	95.12	— 0.01	1,857	
Est. volume: 21,693. Open Int.: 262,021 up 1,940.					
3-MONTH EUROLIRA (LIFFE)					
ITL 1 million - pts of 100 pct					
Mar97	92.94	92.87	92.89	— 0.04	98,064
Jun97	93.48	93.40	93.42	— 0.06	85,411
Sep97	93.81	93.71	93.72	— 0.10	47,252
Dec97	93.99	93.89	93.89	— 0.12	33,417
Mar98	94.10	93.97	93.97	— 0.12	18,237
Jun98	94.03	93.96	93.98	— 0.12	10,413
Est. sales: 21,165. Prev. sales: 55,435					
Prev. open int.: 292,794 off 1,757					

Industrials

GASOIL (IPE)					
U.S. dollars per metric ton - lots of 100 tons					
Mar 97	179.75	177.50	177.50	—0.75	18,841
Apr 97	178.00	176.00	176.00	—0.50	9,092
May 97	177.75	175.75	175.75	—1.25	4,727
Jun 97	177.75	176.50	176.25	—1.00	8,385
Jul 97	178.25	178.00	176.75	—1.00	2,440
Aug 97	N.T.	N.T.	177.25	—1.25	1,088
Sept 97	N.T.	N.T.	178.00	—1.25	1,068
Oct 97	180.25	180.00	178.75	—1.25	1,344
Nov 97	N.T.	N.T.	179.50	—1.25	596
Dec 97	181.75	181.00	180.25	—1.25	5,132
Est. sales: 6,283. Open Int.: 55,251 off 643					
BRENT OIL (IPE)					
U.S. dollars per barrel - lots of 1,000 barrels					
Mar 97	20.51	20.33	20.34	—0.15	61,591
Apr 97	20.21	20.06	20.07	—0.20	27,544
May 97	19.93	19.82	19.82	—0.19	19,297
June 97	19.71	19.61	19.61	—0.20	11,954
July 97	N.T.	N.T.	19.46	—0.20	4,239
Aug 97	19.40	19.40	19.32	—0.21	5,725
Sep 97	19.31	19.23	19.20	—0.20	3,833
Oct 97	19.10	19.10	19.07	—0.20	2,623
Nov 97	N.T.	N.T.	18.94	—0.20	4,580
Dec 97	18.93	18.84	18.81	—0.20	2,833
Est. sales: 6,712 Open Int.: 145,929 off 1,124					

Stock Indexes

FTSE 100 (LIFFE)					
£25 per index point					
Mar97	4332.0	4313.0	4325.0	— 7.0	60,598
Jun97	4351.0	4335.0	4346.0	— 6.5	6,306
Sep97	N.T	N.T	4372.0	— 6.0	1,901
Est. sales: 8,602. Prev. sales: 15,084					
Prev. open int.: 68,765 up 2,086					
CAC 40 (MATIF)					
FF200 per index point					
Feb 97	2643.0	2618.0	2642.0	+11.00	27,871
Mar 97	2647.5	2627.5	2648.5	+11.00	23,403
Apr 97	2629.0	2624.0	2650.0	+11.00	150
Jun 97	N.T.	N.T.	2614.0	+11.00	3,139
Sep 97	N.T.	N.T.	2604.5	+11.00	6,992
Mar 98	N.T.	N.T.	2664.0	+11.00	7,529
Sep 98	N.T.	N.T.	2639.0	+11.00	710
Est. volume: 7,808. Open Int.: 69,392 up 736.					

DAIWA JAPAN FUND
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Notice of Extraordinary General Meeting

The shareholders of **DAIWA JAPAN FUND** are hereby convened to attend an Extraordinary General Meeting of Shareholders to be held on February 26th, 1997 at 3:00 p.m. at the offices of Banque International à Luxembourg, 69, route d'Esch, Luxembourg, Grand-Duchy of Luxembourg to deliberate on the following agenda:

1. to hear the report of the liquidator;
2. to appoint the auditors to the liquidation in accordance with Article 151 of the law on commercial companies;
3. to fix March 5th 1997 at 3:00 p.m. as date for a further Shareholder's Meeting to decide on the close of liquidation.

Shareholders are informed that at this Meeting, no quorum is required for the holding of the meeting and the decision will be passed by a simple majority of the shares present and voting.

The Liquidator

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Two Swedish
Talk Merger

Inflation Surg

Monday, Feb. 1

Two Swedish Banks Talk Merger, Again

Compiled by Our Staff From Dispatches

STOCKHOLM — Swedbank AB and Foereningsbanken AB said Monday they had renewed merger talks to try to remain competitive in Sweden's consolidating financial services industry.

If the talks result in a merger, something they failed to do three years ago, it would create the Nordic region's second-largest bank after Svenska Handelsbanken AB.

Separately, Svenska Handelsbanken announced Monday it had acquired more than 98 percent of Stadshypotek AB in a $3 billion takeover bid that was announced in December.

"We have been expecting this for the last 10 or 11 months," said Monica Kapoor, an analyst at Fox-Pitt, Kelton, referring to the renewed talks between Swedbank and Foereningsbanken. "It was a question of when and not if."

Swedbank and Foereningsbanken suspended trading in their shares before a statement to be released on Tuesday, when they will disclose results of the talks. The latest announcement comes just two weeks after Skandinaviska Enskilda Banken AB and Nordbanken AB, Sweden's third-biggest and fourth-largest banks by assets, said they had abandoned their own merger talks.

Ms. Kapoor said, "The cost savings would be significant," and it would give Foereningsbanken access to Swedbank's large mortgage customer base, while giving Swedbank access to Foereningsbanken's widespread retail-customer base.

A joint Swedbank and Foereningsbanken would create a bank with 1995 assets of 575 billion kronor ($78 billion), making it the second-largest bank in the Nordic region after Handelsbank AB with 785 billion kronor, including Stadshypotek AB.

Swedbank, Sweden's second-largest bank by assets, bought 5 percent of Foereningsbanken more than a year ago, calling the purchase a way to "take part in any future discussions on changes in the Swedish banking sector that might involve Foereningsbanken."

In 1994, Foereningsbanken and Swedbank, known as Sparbanken Sverige in Sweden, abandoned discussions to merge their banking operations because the two banks' strategies did not match.

"My guess is that the merger will go through this time," said Fredrik Myren, an analyst at James Capel.

Mr. Myren pointed to the fact that the two had issued a joint statement this time. *(Bloomberg, AFX)*

■ Construction Merger Seen

Share trading in NCC AB, Siab AB and Lundbergfoeretagen AB, three Swedish construction and real estate companies, was suspended in Stockholm before a statement that was scheduled to be issued Tuesday on a possible merger, Bloomberg News reported from Stockholm.

"NCC and Siab will probably merge in one way or another as a defensive move to prepare for stronger competition and lower volumes," said Stefan Sundblom, an analyst at Swedbank. "NCC is more concentrated on civil engineering while Siab has more housing construction, so they fit well together."

A merger would also affect Lundberg, which is Siab's main shareholder, with a 50 percent stake.

Russia and De Beers Reach Export Accord

Reuters

MOSCOW — Russia and De Beers have reached a breakthrough on a gem export agreement and Moscow has dropped its previous objections to the deal, a gem official said Monday.

"Consensus has been reached — all of the government's questions have been dropped," said Valentin Logunov, spokesman for the Almazy Rossii-Sakha diamond-producing monopoly.

De Beers stopped purchases of Russian diamonds at the end of last year when it canceled its interim arrangement after Russia failed to approve or reject a new trade deal.

Russia had said it had objections to the memorandum and called for changes.

"There were some concessions, that much is obvious, but who gave up what, I don't know," Mr. Logunov said Monday.

Mr. Logunov declined to say to what extent the final trade arrangement would deviate from a 1996 memorandum that was to form the basis of a formal agreement.

He said that all that was needed now was President Boris Yeltsin's approval and government documents enforcing the deal.

A first deputy prime minister, Vladimir Potanin, quoted by Russian news agencies last week, said a formal deal could be signed this month or next.

Mr. Logunov said one talking point concerned the amount of gems the Russian group would sell outside the De Beers network on world markets. The memorandum had mentioned a quota of 5 percent of total Russian output but "there was a question of 10 percent."

"This issue concerns how we will independently study the world diamond market, and not just rely on the highly respected De Beers," he said.

■ Russian Natural Gas Giant Opposes Hong Kong Fund

RAO Gazprom, the world's largest natural gas producer, said that a plan by the Hong Kong fund manager Regent Pacific Group to buy its stock conflicts with Russian law and national security, Bloomberg News reported.

Regent said last month it would start a $200 million fund in an effort to enable foreign investors to buy Gazprom's Russian shares, which are priced at a steep discount to its American depositary receipts. Regent intends to buy the shares through its Russian subsidiaries to circumvent legal restrictions against foreign ownership.

Rem Vyakhirev, the chairman of Russia's largest company, demanded in a letter that Regent liquidate the fund, called Regent Gaz Investment Co.

Gazprom said that "the substance of Regent's actions contradicts the normative acts of the Russian Federation providing for national security while enabling foreign capital into the Russian economy."

VW Requests Investigation Into Bribery Allegations

Compiled by Our Staff From Dispatches

WOLFSBURG, Germany — Volkswagen AG said Monday it had asked German prosecutors to investigate bribery allegations in connection with a contract awarded to ABB Asea Brown Boveri Ltd.

The Swiss-Swedish conglomerate has already asked Swiss authorities to investigate discrepancies in costs for expansion of a paint factory at VW's Skoda unit in the Czech Republic. The VW complaint, filed Friday with the prosecutor in Braunschweig, Germany, involves the same case, Volkswagen said.

The step follows a report that a secret organization of purchasers, operating in Volkswagen and General Motors Corp., has demanded bribes from the carmakers' suppliers in recent years.

The weekly magazine Der Spiegel said in its issue published Monday that ABB was forced to pay 20 million Deutsche marks ($11.9 million) to win the contract to renovate the Skoda paint factory. Other press reports have suggested that bribes of 10 million DM were demanded for the contract, estimated to be worth 400 million DM.

"In connection with irregularities regarding the paint shop, about which we informed the public on Jan. 16, we have filed a complaint against unknown persons," VW said. "The step will open the way for investigations in Germany."

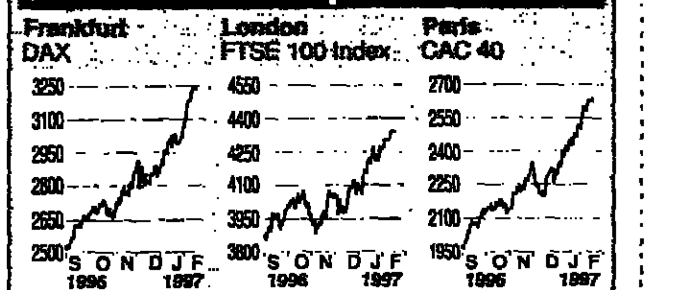
Volkswagen confirmed last month that it suspended a purchasing manager pending investigation into cost discrepancies related to the ABB contract.

VW would not name the manager. But the automaker said he was responsible for machine equipment purchasing at the Wolfsburg headquarters and the awarding of the contract for expanding the Skoda paint shop.

VW's in-house security chief, Dieter Langdoerfer, is investigating whether the recent death of the Skoda chief executive, Ludvik Kalma, is related to the bribery scandal. Mr. Kalma died in an automobile crash in November.

(Reuters, Bloomberg, AFX)

Investor's Europe



Exchange	Index	Monday Close	Prev. Close	% Change
Amsterdam	AEX	731.99	719.49	+1.74
Brussels	BEL-20	2,096.52	2,098.03	-0.07
Frankfurt	DAX	3,232.57	3,248.18	-0.48
Copenhagen	Stock Market	540.95	539.02	+0.36
Helsinki	HEX General	2,863.42	2,866.59	-0.11
Oslo	OBX	600.60	596.40	+0.70
London	FTSE 100	4,337.80	4,341.00	-0.07
Madrid	Stock Exchange	481.95	477.86	+0.86
Milan	MIBTEL	12,361.00	12,514.00	-1.22
Paris	CAC 40	2,634.48	2,627.42	+0.27
Stockholm	SX 16	2,835.52	2,792.48	+1.54
Vienna	ATX	1,212.20	1,213.36	-0.10
Zurich	SPI	2,866.19	2,839.43	+0.94

Source: Telekurs — International Herald Tribune

Very briefly:

• **Prime Minister Alain Juppe** of France has decided that **Thomson-CSF**, the defense-components arm of **Thomson SA**, should be privatized by a direct sale, Le Monde newspaper reported.

• **Scandinavian Airlines System's** pretax profit fell 31 percent in 1996, to 1.82 billion kronor ($246.6 million) from a record 2.63 billion kronor in 1995, because of increased competition.

• **Lufthansa AG** and **Deutsche BA** both announced cuts in domestic fares, heating up competition in the German air-travel market.

• **British Land PLC**, Britain's second-largest property-investment company, will form a joint venture with **Great Universal Stores PLC** to increase and manage the retailer's property portfolio, which is estimated to be worth almost £900 million ($1.46 billion).

• **Oce van der Grinten NV**, a Dutch maker of copier machines, said fourth-quarter net profit rose 62 percent, to 60.1 million guilders ($31.7 million), helped by sales from the recently acquired printer unit of **Siemens Nixdorf Informationssysteme AG**.

• **Michelin SA** is trying to entice investors for the second time in four months to convert bonds into shares, further cutting its debt and cleaning up its balance sheet.

• **Pechiney SA's** fourth-quarter sales fell 9 percent, to 15.29 billion French francs ($2.69 billion), and analysts predicted a loss for 1996.

• **Phillips Petroleum Co., Agip Group** and **British Gas PLC** have been allowed to appeal to the highest court in Britain, in their dispute over North Sea gas sales with **Enron Corp.**, a government statement said.

• **Abu Dhabi** is setting up a leasing company that will offer contracts ranging from aircraft to medical equipment, its founders, the **United Arab Emirates Offsets Group** and **Abu Dhabi Investment Company**, said. *AFX, Bloomberg, Reuters*

Inflation Surge Hints at German Strength

Compiled by Our Staff From Dispatches

WIESBADEN, Germany — Inflation in Western Germany accelerated to a 15-month high in January, a final report released Monday showed, in an indication that the country's sluggish recovery may be building momentum.

Consumer prices rose 0.5 percent in January from 0.3 percent in December, the statistics office said. That brought the annual West German inflation rate to 1.9 percent, up from 1.4 percent in December, and its first reading above 1.5 percent since October 1995.

For all of Germany, inflation in January rose an annual 1.8 percent after rising 1.4 percent the month before, the office said.

The statistics office attributed the increases, which were greater than originally reported, to "seasonal and weather-related factors."

Analysts predicted inflation would remain under 2 percent through 1997, although some worried the weakening Deutsche mark could contribute to inflation by raising the price of imports.

Some economists doubt that inflation will be as low as the government's forecast of 1.5 percent for 1997 unless the mark becomes stronger. *(Bloomberg, Reuters)*

■ Optimism Grows in France

French industrial production grew in most sectors in January compared with December, said business executives surveyed by the Bank of France, AFX News reported from Paris. The bank called the future "distinctly brighter."

The Trib Index

Prices as of 3:00 P.M. New York time.

Jan. 1, 1992 = 100.	Level	Change	% change	year to date % change
World Index	152.82	-0.47	-0.31	+15.89
Regional Indexes				
Asia/Pacific	111.12	+0.12	+0.11	-17.24
Europe	161.03	-1.11	-0.68	+15.70
N. America	179.17	-0.52	-0.29	+39.67
S. America	140.35	+0.87	+0.62	+57.63
Industrial Indexes				
Capital goods	178.73	-0.34	-0.19	+34.50
Consumer goods	173.62	-1.09	-0.62	+25.75
Energy	179.84	-0.23	-0.13	+32.61
Finance	111.61	+0.12	+0.11	-12.28
Miscellaneous	158.79	-1.14	-0.71	+16.92
Raw Materials	184.10	-0.25	-0.14	+29.83
Service	142.18	-0.55	-0.39	+18.48
Utilities	132.64	-0.82	-0.61	+4.33

The International Herald Tribune World Stock Index © tracks the U.S. dollar values of 280 internationally investable stocks from 25 countries. For more information, a free booklet is available by writing to The Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France. Compiled by Bloomberg News.

WORLD STOCK MARKETS

Monday, Feb. 17
Prices in local currencies.
Telekurs

Amsterdam
AEX index: 731.99
Previous: 719.49

	High	Low	Close	Prev.
ABN-AMRO	136	130.10	133.60	130.10
Aegon	121.80	119.50	121.80	120.10
Ahold	121.60	119.10	121.40	119.50
Akzo Nobel	284	281.20	282.60	285
Baan Co.	94.90	92	94	95.40
Bols Wess cva	34.70	34.10	34.50	34.50
CSM cva	117.10	115	115.90	115.10
Dordtsche Pet	366.90	361.50	365.80	361.50
DSM	187.70	184.50	186	184.70
Elsevier	29.70	29.30	29.50	29.50
Fortis Amev	72.90	70.70	72.50	70.70
Getronics	64.80	63.10	64.40	63.40
G-Broc cva	59.80	58.80	59.50	59
Hagemeyer	149.80	148.30	149.10	148.90
Heineken	327.50	323	326.20	323.30
Hoogovens cva	79.20	77.90	79.20	78.20
Hunt Douglas	141	136.50	139.50	136
ING Group	73.90	71.80	73.40	72.10
KLM	55.90	55.20	55.50	56.70
KNP BT	41.80	41.20	41.80	41.50
KPN	70.80	67.60	70.60	68.10
Nedlloyd Gp	57.70	55.10	57.70	55.40
Nutricia	285.50	278.50	285.40	279.80
Oce Grinten	242.50	238.50	240.30	241
Philips Elec	79.50	78.80	79.40	79.40
Polygram	87	84.70	84.80	85.60
Randstad Hdg	135	133.50	135	134.10
Robeco	163.40	162.40	163.40	162.30
Rodamco	61.90	61	61.90	61
Rolinco	168	167.20	167.70	167
Rorento	110.40	110.10	110.10	109.90
Royal Dutch	346.30	341	346.30	341.30
Unilever cva	368	357	367.20	351
Vendex Intl	91.70	89.40	90.60	89.30
VNU	39.20	37.30	39.10	38.30
Wolters Kl cva	229	226.20	227.70	228.10

Bangkok
SET index: 788.29
Previous: 713.48

	High	Low	Close	Prev.
Adv Info Svc	236	220	228	228
Bangkok Bk F	226	202	222	202
Krung Thai Bk	41.25	38.50	39.50	40.75
PTT Explor	338	328	336	340
Siam Cement F	680	620	640	656
Siam Com Bk F	145	135	141	139
Telecomasia	49	45.50	48.25	46
Thai Airways	41.50	37.25	38.50	39.25
Thai Farm Bk F	134	130	130	126
Utd Comm	155	149	153	154

Bombay
Sensex 30 index: 3580.29
Previous: 3521.99

	High	Low	Close	Prev.
Bajaj Auto	948	933	940	926.75
Hindust Lever	917	909	909.25	904.75
Hindust Petlm	390	382	388.75	379.75
Ind Dev Bk	107.25	99	100.25	97.25
ITC	434	421.25	424.50	422
Mahanagar Tel	345.50	239	241.50	240.75
Reliance Ind	281	275.25	277.75	273.50
State Bk India	297	290.25	296	287.25
Steel Authority	23	22.25	22.50	22.25
Tata Eng Loco	350	344.50	348.50	342.75

Brussels
BEL-20 index: 2096.52
Previous: 2098.03

	High	Low	Close	Prev.
Almanij	12800	12700	12700	12850
Barco Ind	5860	5800	5830	5850
BBL	7260	7220	7220	7270
Bekaert	21300	20850	21175	21200
CBR	3350	3280	3300	3310
CMB	2395	2375	2395	2390
Cobepa	1312	1302	1312	1296
Cockerill	118	116	118	115
Colruyt	15175	14950	15150	14975
Delhaize Lion	2010	1965	2005	1995
Electrabel	8090	8000	8030	8100
Electrafina	3310	3260	3270	3275
Fortis AG	5980	5850	5930	5840
Gevaert	2490	2455	2475	2470
GIB	1590	1575	1580	1590
GBL	4650	4610	4635	4600
Gen Banque	12400	12275	12300	12375
Kredietbank	11625	11525	11575	11600
Petrofina	12225	12150	12225	12300
Powerfin	4900	4850	4850	4930
Royale Belge	7820	7700	7720	7710
Soc Gen Belg	2785	2765	2770	2765
Solvay	21450	21000	21350	21100
Tractebel	14850	14800	14850	14850
UCB	95800	94250	95000	94250
Union Miniere	2660	2635	2645	2630

Copenhagen
Stock index: 540.95
Previous: 539.02

	High	Low	Close	Prev.
BG Bank	296	285	294	287
Carlsberg B	417	410	415	415
Codan Fors	987	977	985	975
Danisco	380	367	378	370
Den Danske Bk	567	562	565	564
D/S Svendborg B	280000	278000	280000	280000
D/S 1912 B	192000	192000	192000	193000
FLS Ind B	842.15	854	857	855
Kob Lufthavne	705	694	705	701
Nvo Nordisk B	618	608.47	612	614
Sophus Ber B	920	903.28	910	920
Tele Danmk B	372	365	370	371
Tryg Baltica	371	366	367	367
Unidanmark A	350	344	347	350

Frankfurt
DAX: 3232.57
Previous: 3248.18

	High	Low	Close	Prev.
AMB B	1030	1020	1025	1020
Adidas	164.50	163	163.50	164
Allianz Hdg	3310	3265	3268	3258
Altana	1444	1410	1425	1390
Bk Berlin	32.30	32.10	32.20	32.75
BASF	63.95	62.65	63.15	62.30
Bayer Hypo Bk	51.45	51.30	51.32	51.85
Bay.Vereinsbank	63.90	63.45	63.90	64.90
Bayer	70	68.57	69.40	67.55
Beiersdorf	95	91.80	94.90	92.50
BMW	1173	1164	1171	1190
Commerzbank	42.70	42.50	42.65	43.15
Daimler Benz	123.30	122	122.15	124.95
Degussa	713.50	710	712.50	723
Deutsche Bank	86.77	86.32	86.38	86.70
Deut Telekom	32.60	32.47	32.55	32.55
Dresdner Bank	53.55	53.20	53.35	53.90
Fresenius	326	325	324.50	325
Fresenius Med	146.80	146	146.50	146.90
Krupp hoesch	262.50	260	261	260
Gehe	115.70	112.50	115.30	116
Heidelbg Zmt	139	137	138.80	138
Henkel pfd	89	88.30	88.50	88.90
Hochtief	76	75	75.70	75
Hoechst	76.55	76	76.15	76.30
Karstadt	514	512	512.50	513
Linde	1116	1090	1115	1108
Lufthansa	23.70	23.05	23.10	23.70
MAN	455	447	453.50	449
Mannesmann	701.50	694.50	695	678.50
Metallgesellschaft	34	33.65	33.80	34.15
Metro	134.20	133	134.30	132.90
Munch Rueck R	4160	4095	4120	4150
Preussag	417	412	415	419
RWE	76	74.70	75.27	74.60
SAP pfd	253.50	250	251.70	254
Schering	145.85	144.10	144.80	144.65
Siemens	84.55	84.01	84.15	85.78
Thyssen	321.50	319.20	319.50	322.50
Veba	95	94.60	94.71	95.35
VEW	495	495	495	497
Viag	703	701	702	703
Volkswagen	811	804	806.25	816.50

Helsinki
HEX General index: 2863.42
Previous: 2866.59

	High	Low	Close	Prev.
Cultor 1	295	295	295	300
Enso A	42	41	42	41
Huhtamaki I	220	219	220	218
Kemira	59	56.50	56.60	57
Kesko	73.90	73.10	73.90	74
Merita A	18.80	18	18.70	18.10
Metra B	307	295	307	300
Metso-Serla B	42	40.50	42	41
Neste	138.50	136	136	136.50
Nokia A	310	305.20	308.20	315
Orion-Yhtymae	181	180	180	181
Outokumpu A	82	81	81.60	81
Rautaruukki	44.80	44.40	44.40	44.50
Sampo Insur	445	435	437	440
UPM-Kymmene	107.80	103.50	106.50	104.50
Valmet	94.50	92	94	93

Hong Kong
Hang Seng: 13144.62
Previous: 13113.26

	High	Low	Close	Prev.
Amoy Props	10	9.75	9.90	9.90
Bk East Asia	34	33.50	33.70	33.40
Cathay Pacific	12	11.80	11.95	11.80
Cheung Kong	73.50	72	72.50	71.75
CK Infrastruct	21.30	20.80	20.80	21.15
China Light	35.20	34.60	34.90	35
China Oseas Ld	3.95	3.88	3.90	3.93
China Res Ent	16.10	15.80	16.85	15.95
Chin Estates	8.45	8.35	8.40	8.40
Citic Pacific	38.10	37.50	37.80	37.40
Cosco Pacific	9.45	9.30	9.40	9.35
Dao Heng Bk	38.30	37.40	37.40	37.60
First Pacific	11.15	11	11.10	11
Great Eagle	31.50	30.50	30.50	31.50
Guangdong Inv	6.80	6.70	6.75	6.70
Guoco Group	42.10	41.60	41.60	41.90
Hang Lung Dev	15.75	15.65	15.65	15.70
Hang Seng Bk	89.25	88	88.25	88.50
Henderson Inv	8.90	8.75	8.75	8.80
Henderson Ld	69.75	69.50	69.50	69
HKR Intl	11.60	11.35	11.35	11.40
HK China Gas	14.58	14.30	14.40	14.30
HK Electric	27.05	26.85	26.90	26.90
HK Shang Htls	12.90	12.70	12.90	12.65
HK Telecomm	13.20	12.95	12.95	13
Hopewell Hdgs	4.53	4.35	4.55	4.35
HSBC Hdgs	186	184	184.50	183.50
Hutchison Wh	57.25	56.25	56.75	56
Hysan Dev	27.20	26.55	26.60	27.85
Johnson El Hdg	23.60	23.30	23.55	23.40
Kerry Props	19.80	19.75	19.80	19.75
Natl Mutual	8.45	8.25	8.35	8.45
New World Dev	47.70	47.20	47.40	47.20
N World Infrastr	23	22.50	22.50	23
Oriental Press	2.80	2.73	2.73	2.80
Pearl Oriental	6.10	6	6.05	6
Shanghai Indus	29	28.35	28.40	28.40
Shangri-La Asia	10.45	10.30	10.35	10.45
SHK Props	89.75	88.25	88.50	89
Shun Tak Hdgs	5.50	5.30	5.30	5.40
Sino Land Co.	8.80	8.65	8.70	8.70
Sth China Post	7	6.50	7	6.85
Swire Pac A	65.75	64.25	64.50	65.25
Tsim Sha Tsui	22.20	21.45	21.60	21.60
TV Broadcasts	34.70	33.80	34.10	34.70
Wharf Hdgs	33.90	33.20	33.20	33.50
Wheelock	20.20	19.75	19.75	19.95

Jakarta
Composite index: 701.77
Previous: 704.48

	High	Low	Close	Prev.
Astra Intl	6350	6200	6300	6200
Bk Intl Indon	1950	1925	1925	1925
Bk Negara	1725	1700	1725	1725
Gudang Garm	11100	10900	11000	10850
Indocement	3575	3525	3550	3525
Indofood	5550	5475	5475	5525
Indosat	7200	7175	7175	7200
Sampoerna HM	14600	14500	14500	14625
Semen Gresik	7400	7350	7375	7400
Telekomunikasi	4225	4175	4175	4200

Johannesburg
All Mining: 7042.46
Previous: 7020.71

	High	Low	Close	Prev.
Amalgamtd Bks	28.95	28.75	28.95	28.85
AngloAm Coal	310	308	309	309
AngloAm Corp	278.25	277	277.50	277
AngloAm Gold	320	318	320	314
AngloAm Ind	176	175.50	175.50	176
Barlow	50.50	49.75	50.25	50.75
C.G. Smith	26.60	26.15	26.60	26.50
De Beers	149.25	147.50	148.50	146.75
Driefontein	45.75	45.50	45.45	44.50
Fst Natl Bk	26.75	26.25	26.55	26.50
Gencor	19.60	19.35	19.40	19.45
GFSA	119.50	117.50	119.50	117.50
Iscor	3.56	3.55	3.55	3.55
Libertyy Hdgs	343.50	342	342	344
Liberty Life	129.50	128	129.50	129.25
Minorco	106.50	105	106	105
Nampak	19.20	18.30	19.20	19
Nedcor	78.50	77.50	78.50	78.50
Rembrandt Gp	47	46.50	47	47.10
Richemont	63	62.75	63	63
Rust Platinum	71	70	71	70.25
SA Breweries	140	137	139.50	137
Samancor	56	55	55.25	56.50
Sasol	51	50.25	50.25	51.25
SBIC	183	182	182	185
Tiger Oats	72.50	72	72.50	72

Kuala Lumpur
Composite: 1252.46
Previous: 1246.71

	High	Low	Close	Prev.
Genting	17	16.80	16.80	16.90
Malal Banking	28.75	28	28.50	28.25
Mal Intl Ship F	6.60	6.15	6.20	6.10
Petronas Gas	9.05	8.95	9	8.90
Proton	5.05	4.94	4.96	5.05
Resorts World	12.30	12	12	12.30
Sime Darby	9.45	9.05	9.40	9.10
Telekom Mal	19.40	19.20	19.40	19.30
Tenaga	12.10	11.80	11.90	11.90
Utd Engineers	23.50	23.20	23.40	23.40

London
FT-SE 100: 4337.80
Previous: 4341.00

	High	Low	Close	Prev.
Abbey Natl	7.87	7.70	7.85	7.82
Allied Domecq	4.32	4.27	4.31	4.30
Anglian Water	6.30	6.24	6.30	6.29
Argos	6.86	6.70	6.75	6.80
Asda Group	1.15	1.14	1.15	1.14
Assoc Br Foods	5.06	5.01	5.03	5.04
BAA	5.37	5.19	5.28	5.35
Barclays	12.10	11.90	11.97	12.11
Bass	8.52	8.45	8.50	8.52
BAT Ind	5.27	5.15	5.21	5.20
Bank Scotland	3.54	3.46	3.52	3.49
Blue Circle	4.03	3.95	3.99	4.03
BOC Group	9.48	9.38	9.43	9.48
Boots	7.03	6.97	7.01	7.02
BPB Ind	3.48	3.43	3.45	3.41
Brit Aerosp	12.60	12.43	12.51	12.35
Brit Airways	6.12	6.07	6.07	6.10
Brit Gas	N.T.	N.T.	N.T.	2.45
Brit Land	5.25	5.18	5.22	5.18
Brit Petm	6.93	6.78	6.91	6.88
BSkyB	6.56	6.48	6.50	6.57
Brit Steel	1.42	1.40	1.41	1.41
Brit Telecom	4.44	4.30	4.42	4.36
BTR	2.40	2.38	2.40	2.41
Burmah Castrol	10.28	10.20	10.24	10.23
Burton Gp	1.54	1.52	1.52	1.53
Cable Wireless	5.18	5.05	5.10	5.21
Cadbury Schw	4.90	4.82	4.86	4.89
Carlton Comm	5.67	5.53	5.62	5.61
Coml Union	7.32	7.23	7.26	7.33
Compass Gp	7.31	7.15	7.20	7.34
Courtaulds	3.85	3.78	3.80	3.83
Dixons	5.17	5.13	5.15	5.18
Electrocomponents	4.15	4.12	4.15	4.13
EMI Group	12.15	11.92	12	12
Enterprise Oil	6.53	6.40	6.49	6.36
Fors Colonial	1.58	1.57	1.57	1.57
Genl Accident	8.58	8.47	8.48	8.57
GEC	3.83	3.77	3.79	3.83
GKN	9.41	9.30	9.36	9.40
Glaxo Wellcome	10.50	10.30	10.35	10.50
Granada Gp	9.35	9.13	9.30	9.15
Grand Met	4.57	4.51	4.55	4.55
GRE	2.98	2.94	2.98	2.97
Greenalls Gp	5.60	5.55	5.55	5.58
Guinness	4.40	4.33	4.38	4.39
GUS	6.54	6.38	6.50	6.35
Hanson	0.92	0.89	0.91	0.92
Hays	5.74	5.72	5.72	5.74
HSBC Hldgs	14.79	14.70	14.73	14.87
ICI	7.59	7.51	7.57	7.59
Impl Tobacco	4.26	4.20	4.23	4.25
Kingfisher	6.72	6.46	6.70	6.71
Ladbroke	2.38	2.34	2.37	2.35
Land Sec	7.88	7.82	7.84	7.86
Lasmo	2.42	2.36	2.40	2.36
Legal Genl Grp	4.17	4.05	4.08	4.14
Lloyds TSB Gp	5.49	5	5.19	5.05
LucasVarity	2.03	1.98	2	2.03
Marks Spencer	4.89	4.84	4.86	4.87
MEPC	4.70	4.67	4.69	4.69
Mercury Asset	13.30	13.20	13.30	13.25
National Grid	2.10	2.05	2.10	2.06
Natl Power	5.66	5.02	5.07	5.04
NatWest	8.36	8.25	8.34	8.29
Next	6.01	5.95	5.96	5.97
Orange	2.18	2.13	2.15	2.19
P&O	6.64	6.57	6.60	6.63
Pearson	7.65	7.50	7.58	7.59
Pilkington	1.36	1.30	1.32	1.35
PowerGen	6.84	6.42	6.46	6.47
Premier Farnell	5.35	5.20	5.32	5.33
Prudential	5.77	5.69	5.74	5.77
Railtrack PP	3.95	3.82	3.92	3.84
Rank Group	4.24	4.08	4.22	4.12
Reckitt Coln	7.73	7.63	7.66	7.68
Redland	3.53	3.47	3.48	3.53
Reed Intl	10.94	10.83	10.87	10.92
Rentokil Initial	4.83	4.79	4.82	4.84
Reuters Hdgs	6.49	6.38	6.48	6.40
Rexam	3.38	3.35	3.25	3.38
RMC Group	9.43	9.38	9.40	9.40
Rolls Royce	2.26	2.18	2.20	2.24
Royal Bk Scot	6.24	6.15	6.21	6.20
RTZ reg	9.14	8.98	9.11	9.02
Royal & Sun All	5.03	4.98	5	5.03
Safeway	3.63	3.58	3.59	3.63
Sainsbury	3.17	3.15	3.15	3.16
Schroders	17.55	17.40	17.48	17.45
Scot Newcastle	6.83	6.73	6.75	6.84
Scot Power	3.61	3.52	3.53	3.59
Securicor	3.16	3.10	3.11	3.03
Severn Trent	7.07	7	7.04	7.02
Shell Transp R	10.90	10.75	10.80	10.81
Siebe	9.77	9.60	9.66	9.78
Smith Nephew	1.98	1.88	1.89	1.96
SmithKline	8.96	8.78	8.82	8.94
Smiths Ind	7.78	7.71	7.75	7.75
Sthern Elec	7.69	7.45	7.55	7.63
Stagecoach	7.27	7.15	7.16	7.23
Stand Charter	8.06	7.95	8.05	8.04
Tate & Lyle	4.53	4.45	4.47	4.53
Tesco	3.44	3.40	3.43	3.42
Thames Water	6.70	6.62	6.68	6.64
3i Group	5.30	5.25	5.27	5.26
TI Group	5.28	5.22	5.25	5.24
Tomkins	2.95	2.87	2.89	2.95
Unilever	16.08	15.60	16.05	15.38
Utd Assurance	5.45	5.40	5.42	5.40
Utd News	6.70	6.60	6.62	6.72
Utd Utilities	6.80	6.68	6.78	6.78
Vendome Lx unts	4.95	4.90	4.93	4.92
Vodafone	2.88	2.80	2.83	2.85
Whitbread	8.87	8.02	8.04	8.87
Williams Hdgs	3.03	2.93	2.99	3.01
Wolseley	4.89	4.84	4.88	4.86
WPP Group	2.63	2.56	2.62	2.51
Zeneca	17.99	17.65	17.78	17.97

Madrid
Bolsa index: 481.95
Previous: 480.46

	High	Low	Close	Prev.
Acerinox	21270	20500	20990	20280
ACESA	1775	1755	1755	1775
Aguas Barcelon	5790	5730	5740	5770
Argentaria	5800	5720	5740	5810
BBV	8920	8800	8920	8840
Banesto	1105	1090	1105	1090
Bankinter	20910	20500	20910	20440
Bco Central Hisp	3905	3880	3905	3895
Bco Exterior	2835	2810	2835	2835
Bco Popular	27100	26450	27100	26290
Bco Santander	9680	9470	9620	9470
CEPSA	4385	4310	4330	4410
Continente	2635	2550	2635	2585
Corp Mapfre	8110	8010	8020	8060
Endesa	9230	9070	9150	9290
FECSA	1210	1190	1200	1210
Gas Natural	34300	33300	34300	33300
Iberdrola	1640	1620	1640	1630
Pryca	2750	2675	2750	2715
Repsol	5650	5490	5570	5660
Sevillana Elec	1380	1360	1370	1375
Tabacalera	6690	6550	6650	6540
Telefonica	3390	3360	3360	3400
Union Fenosa	1175	1160	1170	1170
Valenc Cement	1490	1475	1485	1490

Manila
PSE index: 3314.84
Previous: 3322.38

	High	Low	Close	Prev.
Ayala B	30	29.50	29.50	29.50
Ayala Land	30.50	30	30	30
Bk Philip Isl	192	189	191	194
C&P Homes	13	12.50	12.50	13
Manila Elec A	126	124	124	125
Metro Bank	740	730	740	730
Petron	10.75	10.25	10.25	10.75
PCIBank	410	390	402.50	408
Phil Long Dist	1575	1565	1570	1580
San Miguel B	108	98.50	98.50	101
SM Prime Hdg	7.80	7.60	7.70	7.80

Mexico
Bolsa index: 3846.33
Previous: 3826.77

	High	Low	Close	Prev.
Alfa A	44.70	44.20	44.65	44.20
Banacci B	19.84	18.98	18.96	19.88
Cemex CPO	31.00	30.85	30.90	31.00
Cifra C	11.70	11.40	11.66	11.40
Emp Modema	46.00	45.40	46.00	45.20
Gpo Carso A1	48.50	47.80	48.40	48.30
Gpo Fin Inbursa	28.10	27.90	27.90	28.20
Kimb Clark Mex	169.50	168.00	169.00	167.50
Televisa CPO	101.40	100.00	100.70	100.00
TelMex L	15.66	15.60	15.64	15.64

Milan
MIB Telematico: 12361.00
Previous: 12514.00

	High	Low	Close	Prev.
Alleanza Assic	13240	12960	13060	13400
Bca Comm Ital	3600	3375	3565	3455
Bca Fideuram	4635	4580	4605	4595
BCA Roma	1365	1335	1350	1374
Benetton	20450	19800	20150	20400
Credito Italiano	2390	2325	2380	2370
Edison	9700	9410	9475	9610
ENI	9050	8885	9025	9045
Fiat	5230	5140	5190	5275
Generali Assic	32500	31850	31980	32500
IMI	15450	15270	15310	15575
INA	2330	2290	2310	2325
Italgas	6415	6215	6400	6420
Mediaset	7300	7200	7250	7275
Mediobanca	11670	11315	11580	11885
Montedison	1270	1230	1250	1275
Parmalat	2525	2440	2470	2485
Pirelli	3555	3470	3475	3570
RAS	16050	15775	15895	16165
Rolo Banca	17870	17550	17695	17740
S Paolo Torino	11600	11425	11590	11425
Stet	6450	6145	6145	6445
Telecom Italia	4580	4385	4410	4558
TIM	4670	4610	4655	4675

Montreal
Industrials index: 3009.62
Previous: 3014.47

	High	Low	Close	Prev.
Bce Mob Com	42.20	42.10	42.20	42.20
Cdn Tire A	24.70	24.20	24.55	24.30
Cdn Util A	32.60	32¼	32.60	32.40
CT Finl Svc	31.30	31.30	31.30	31.30
Gaz Metro	16.40	16¼	16.35	16.40
Gt-West Lifeco	22¾	22.40	22¾	22.45
Imasco	38.45	37.80	37.95	38
Investors Grp	28	27¾	28	27¾
Loblaw Cos	17	16.90	17	17
Natl Bk Canada	15.95	15.80	15.90	15.90
Power Corp	29¼	28.85	29.35	29.35
Power Finl	27	26¾	26.85	26¾
Quebecor B	24.90	24.70	24.70	25.05
Rogers Comm B	9.10	9.10	9.10	8.90
Royal Bk Cda	54.70	54	54.65	54.40

Oslo
OBX index: 600.60
Previous: 596.40

	High	Low	Close	Prev.
Aker A	182	180	180	181.50
Bergesen Dy A	142.50	140	141	142.50
Christiania Bk	26.50	26	26.40	26.10
Den norske Bk	30.70	30.30	30.50	30.40
Elkem	107.50	104.50	106.50	104.50
Hafslund A	49	48.50	48.70	48.50
Kvaerner Asa	341	338	340	340
Norsk Hydro	362	357	357.50	360
Norske Skog A	208.50	204	208	206
Nycomed A	107	104	107	104
Orkla Asa A	555	537	550	537
Petlm GeoSvc	286	284	284	284
Saga Petlm A	119	116	119	117
Schibsted	140	138	140	139.50
Transocean Off	391	391	391	395
Storebrand Asa	41.40	39.60	41.10	39.60

Paris
CAC-40: 2634.48
Previous: 2627.42

	High	Low	Close	Prev.
Accor	783	759	780	750
AGF	201.50	194.30	197	195.50
Air Liquide	916	903	916	908
Alcatel Alsth	608	584	601	587
Axa-UAP	375.40	373.40	374	375.50
Bancaire	715	698	703	715
BIC	941	927	934	932
BNP	246.90	232	244.90	237
Canal Plus	1154	1139	1147	1164
Carrefour	3560	3506	3560	3558
Casino	248	240.20	240.20	246.70
CCF	271.50	266.70	271.40	271
Cetelem	710	694	710	700
Christian Dior	889	880	888	879
CLF-Dexia Fran	524	516	523	521
Credit Agricole	1270	1270	1270	1270
Danone	877	871	875	874
Elf-Aquitaine	571	561	570	568
Eridania BS	928	923	927	925
Eurotunnel	7.15	7.05	7.05	7.05
Gen. Eaux	795	785	793	792
Havas	467.90	455	462	466
Imetal	845	830	838	849
Lafarge	369.50	359.50	362	364.70
Legrand	950	927	943	934
L'Oreal	2080	2024	2075	2039
LVMH	1424	1403	1408	1419
Lyon. Eaux	571	566	568	566
Michelin B	338.30	335.20	337.30	341.60
Paribas A	405.50	397	397.50	405.50
Pernod Ricard	317.80	313	314.90	317.30
Peugeot Cit	582	564	573	584
Pinault-Print	2425	2380	2417	2405
Promodes	1691	1673	1687	1679
Renault	120	118	118.90	122.50
Rexel	1715	1690	1710	1700
Rh-Poulenc A	195.70	190	195.10	193.30
Sanofi	576	568	571	576
Schneider	306	301.30	305.90	304.10
SEB	1118	1095	1110	1097
SGS Thomson	401	398	400	404.50
Ste Generale	687	670	687	678
Sodexho	2820	2780	2820	2779
St Gobain	845	835	841	843
Suez	276	272.90	275.40	274
Synthelabo	600	582	600	599
Thomson CSF	174.10	170.50	171.90	172
Total B	467.50	455.60	466.50	465.20
Usinor	84.50	82.30	84.50	84.90
Valeo	381.50	377	379.50	378

São Paulo
Bovespa index: 87681.80
Previous: 87781.20

	High	Low	Close	Prev.
Bradesco Pfd	9.40	9.10	9.35	9.25
Brahma Pfd	747.00	730.00	737.00	755.00
Cemig Pfd	48.00	46.00	48.00	48.60
CESP Pfd	61.70	59.60	61.50	60.50
Copel	15.51	15.00	15.50	15.00
Eletrobras	457.00	447.00	452.00	452.00
Itaubanco Pfd	587.00	580.00	585.00	571.00
Light Servicos	397.00	396.00	397.00	400.00
Lightpar	323.00	318.00	320.00	336.00
Petrobras Pfd	224.00	217.00	224.00	223.00
Telebras Pfd	100.20	98.00	99.80	99.80
Telemig	153.00	149.00	151.00	160.00
Telerj	162.00	158.80	159.00	166.00
Telesp Pfd	298.00	294.00	297.00	298.00
Unibanco	40.70	40.00	40.70	40.50
CVRD Pfd	27.00	26.60	26.90	26.90

Seoul
Composite index: 712.93
Previous: 722.32

	High	Low	Close	Prev.
Dacom	122000	115000	116500	122000
Daewoo Heavy	5290	5050	5050	5190
Kia Motors	15600	15300	15600	15300
Korea El Pwr	28300	27400	27600	28100
Korea Exch Bk	7300	7010	7010	7150
Korea Mob Tel	545000	535000	541000	541000
LG Semicon	25900	23500	24500	22700
Pohang Iron St	43800	42700	42700	44000
Samsung Elec	60500	55800	56000	59500
Shinhan Bank	11200	10800	10800	10900

Singapore
Straits Times: 2256.10
Previous: 2252.46

	High	Low	Close	Prev.
Asia Pac Brew	8.40	8.35	8.40	8.30
Cerebos Pac	10.50	10.30	10.40	10.20
CityDev	15.50	15.10	15.10	15.30
Cycle Carriage	15.50	15.10	15.50	15.20
Dairy Farm Int*	0.80	0.79	0.80	0.78
DBS foreign	20.60	20.20	20.50	20.20
DBS Land	6.10	6	6.05	6.10
Far East Levlng	6.35	6.10	6.20	6.30
Fraser & Neave	13.40	13.20	13.20	13.40
HK Land*	2.87	2.85	2.86	2.85
Jard Matheson*	6.05	5.90	6.05	5.90
Jard Strategic*	3.38	3.36	3.38	3.36
Keppel	11	10.70	10.80	10.90
Keppel Bank	4.34	4.26	4.28	4.38
OCBC foreign	19.90	19.60	19.80	19.80
OS Union Bk F	11.70	11.40	11.70	11.80
Parkway Hdgs	6	5.95	6	6
Sembawang	8.45	8.40	8.40	8.35
Sing Air foreign	13.50	13.30	13.30	13.50
Sing Land	9.15	8.95	9	9
Sing Press F	30.10	29.70	29.80	30.10
Sing Tech Ind	4	3.90	4	3.92
Sing Telecomm	3.40	3.36	3.36	3.38
Straits Steam	5.15	5.05	5.10	5.10
Tat Lee Bank	3.76	3.70	3.74	3.68
Utd Industrial	1.33	1.29	1.31	1.29
Utd O'Sea Bk F	17.30	16.80	17.30	17.30
Wing Tai Hdgs	4.58	4.52	4.52	4.56

*: In U.S. dollars.

Stockholm
SX 16 index: 2835.52
Previous: 2792.46

	High	Low	Close	Prev.
AGA B	107.50	106.50	107	106.50
ABB A	912	906	910	911
AssiDoman	191	184.50	190	186.50
Astra A	364	357	363	357.50
Atlas Copco A	173.50	171	173.50	174
Autoliv	329	324	328	325
Electrolux B	449	440	443	447
Ericsson B	250	244.50	250	245.50
Hennes B	1047	1020	1040	1025
Incentive A	537	528	528	533
Investor B	346	339	346	340
MoDo B	235	226	233.50	224
Nordbanken	241	232	235	233
Pharm/Upjohn	282	278	280	277
Sandvik B	196	194	195	192.50
Scania B	196	192	196	196
SCA B	169.50	167	169	167
S-E Banken A	76	72.50	75	72.50
Skandia Fors	208	197.50	205	207.50
Skanska B	314	309.50	311	310
SKF B	188	186	186.50	187.50
Sparbanken A	N.T.	N.T.	N.T.	120
Stadshypotek A	190	189.50	189.50	190
Stora A	103	101	103	102
Sv Handles A	202.50	194	201	193
Volvo B	185	179	183.50	179

Sydney
All Ordinaries: 2493.20
Previous: 2482.40

	High	Low	Close	Prev.
Amcor	8.53	8.37	8.46	8.37
ANZ Bkng	8.46	8.28	8.44	8.31
BHP	18.12	17.84	17.98	17.95
Boral	3.61	3.56	3.59	3.58
Brambles Ind.	22.51	22.30	22.38	22.45
CBA	13.43	13.24	13.37	13.90
CC Amatil	13.50	12.94	12.94	13.66
Coles Myer	5.23	5.12	5.20	5.17
Comalco	6.73	6.68	6.70	6.86
CRA	18.95	18.75	18.87	18.78
CSR	4.62	4.56	4.62	4.59
Fosters Brew	2.70	2.67	2.67	2.67
Gen Prop Trust	2.48	2.46	2.46	2.45
GIO Australia	3.63	3.56	3.62	3.60
Goodman Fld	1.55	1.50	1.53	1.55
ICI Australia	12.84	12.68	12.80	12.68
John Fairfax	3.09	3.03	3.09	3.03
Lend Lease	23.35	23	23.25	23.10
Mayne Nickiss	7.75	7.63	7.75	7.65
MIM Hdgs	1.84	1.83	1.83	1.83
Nat Aust Bank	16.96	16.49	16.94	16.54
Nat Mutual Hdg	1.92	1.87	1.92	1.89
News Corp	6.71	6.65	6.70	6.66
Normandy Min	1.75	1.71	1.74	1.70
North Ltd	4.22	4.15	4.21	4.17
Pacific Dunlop	3.16	3.12	3.14	3.16
Pioneer Intl	4.04	3.98	4.03	3.99
Pub Broadcast	6.85	6.80	6.84	6.80
Qantas Airways	2.35	2.32	2.34	2.36
Santos	4.86	4.78	4.84	4.76
Southcorp	4.55	4.43	4.51	4.45
Wesfarmers	10.03	9.98	10	10
WMC	8.27	8.14	8.27	8.12
Westfield Trust	2.46	2.44	2.44	2.44
Westpac Bkng	7.80	7.64	7.79	7.65
Woodside Pet	9.34	9.19	9.31	9.12
Woolworths	3.41	3.35	3.39	3.35

Taipei
Stock Market index: 7687.18
Previous: 7598.93

	High	Low	Close	Prev.
Cathay Life Ins	182	176	179	176
Chang Hwa Bk	172	168	170	168
Chiao Tung Bk	91	86.50	90	86.50
China Developmt	108.50	101	107.50	100
China Steel	25.90	25.40	25.80	25.50
First Bank	180	176	179	176
Formosa Plastic	71	69	70.50	70
Hua Nan Bk	145	142	143	142
Intl Comm Bk	85	83	83.50	83
Nan Ya Plastics	67	65	66.50	66
Shin Kong Life	118	112	116.50	112
Taiwan Semi	61.50	61	61	61
Tatung	54	53	53.50	53.50
Utd Micro Elec	40.80	40	40.20	39.90
Utd World Chin	71	70	71	78

Tokyo
Nikkei 225: 18758.45
Previous: 18722.80

	High	Low	Close	Prev.
Ajinomoto	1100	1070	1080	1090
All Nippon Air	816	801	805	803
Asahi Bank	816	809	812	812
Asahi Chem	638	632	634	643
Asahi Glass	1110	1090	1090	1100
Bk Tokyo Mitsu	1920	1900	1900	1900
Bk Yokohama	599	590	595	596
Bridgestone	2300	2250	2250	2300
Canon	2810	2760	2780	2760
Chubu Elec	2070	2040	2050	2020
Chugoku Elec	2020	2000	2010	2000
Dai Nipp Print	2030	1980	2030	1990
Dai-Ichi Kang	1270	1250	1270	1250
Daiwa Bank	515	504	504	514
Daiwa House	1380	1360	1380	1360
Daiwa Sec	950	929	950	929
DDI	7490a	7370a	7370a	7490a
Denso	2670	2620	2640	2620
East Japan Ry	5020a	4960a	4970a	4950a
Eisai	2390	2360	2380	2380
Fanuc	3760	3700	3720	3770
Fuji Bank	1290	1260	1270	1260
Fuji Photo	4260	4060	4110	4230
Fujitsu	1250	1230	1230	1240
Hachijuni Bk	1050	1040	1040	1040
Hitachi	1170	1140	1160	1150
Honda Motor	3740	3670	3690	3650
IBJ	1440	1400	1440	1410
Itochu	590	575	590	585
Ito-Yokado	5470	5410	5410	5590
JAL	508	500	502	505
Japan Tobacco	8020a	7990a	8010a	7990a
Jusco	3540	3480	3500	3500
Kajima	700	690	698	705
Kansai Elec	2120	2080	2100	2080
Kao	1340	1310	1320	1290
Kawasaki Hvy	520	493	520	493
Kawa Steel	333	328	333	333
Kinki Nipp Ry	729	724	725	724
Kirin Brewery	1030	1010	1030	1030
Kobe Steel	223	220	222	218
Komatsu	881	867	876	866
Kubota	540	536	540	536
Kyocera	7320	7260	7290	7320
Kyushu Elec	2050	2020	2030	2040
LTCB	403	390	399	390
Marubeni	479	474	474	476
Marui	1800	1730	1780	1750
Matsu Elec Ind	2000	1980	1990	1980
Matsu Elec Wk	1020	1000	1020	1000
Mitsubishi	1130	1110	1130	1120
Mitsubishi Ch	338	326	328	333
Mitsubishi El	727	714	724	715
Mitsubishi Est	1390	1350	1350	1370
Mitsubishi Hvy	917	896	912	894
Mitsubishi Mat	920	910	918	919
Mitsubishi Tr	1310	1290	1310	1300
Mitsui	909	895	906	911
Mitsui Fudosn	1270	1230	1260	1280
Mitsui Trust	712	706	712	712
Murata Mfg	4280	4280	4280	4280
NEC	1470	1450	1470	1460
Nikon	1920	1860	1860	1860
Nikko Sec	718	702	718	702
Nintendo	8350	8200	8350	8200
Nipp Express	728	712	719	730
Nippon Oil	507	498	500	501
Nippon Steel	336	329	335	332
Nissan Motor	792	778	780	793
NKK	267	262	262	259
Nomura Sec	1620	1590	1600	1600
NTT	9010a	8760a	8790a	8850a
NTT Data	3210b	3190b	3200b	3150b
Oji Paper	667	660	662	668
Osaka Gas	302	294	297	292
Ricoh	1510	1460	1470	1500
Rohm	8950	8940	8950	9000
Sakura Bk	703	685	695	683
Sankyo	3530	3450	3470	3530
Sanwa Bank	1320	1290	1310	1300
Sanyo Elec	509	503	509	503
Secom	6670	6570	6570	6750
Seibu Rwy	4580	4450	4580	4500
Sekisui House	1080	1060	1080	1050
Seven-Eleven	7750	7660	7670	7710
Sharp	1640	1620	1630	1640
Shikoku El Pwr	1990	1960	1980	1970
Shin-etsu Ch	2450	2430	2440	2430
Shizuoka Bk	1020	999	1000	1020
Softbank	11700	11300	11600	11500
Sony	9090	8990	9000	9080
Sumitomo	893	885	893	884
Sumitomo Bk	1370	1340	1350	1330
Sumit Chem	463	457	459	463
Sumitomo Elec	1720	1700	1710	1700
Sumit Metal	290	277	277	289
Sumit Trust	975	962	970	947
Taisho Pharm	2930	2850	2930	2890
Takeda Chem	2670	2580	2630	2670
TDK	8300	8210	8280	8320
Tohoku El Pwr	2010	2000	2000	1960
Tokai Bank	930	920	928	920
Tokio Marine	1110	1090	1110	1080
Tokyo El Pwr	2180	2130	2150	2150
Tokyo Electron	4620	4490	4490	4530
Tokyo Gas	308	300	305	303
Tokyu Corp.	546	537	544	537
Tonen	1200	1180	1190	1210
Toppan Print	1410	1400	1410	1410
Toray Ind	742	722	723	739
Toshiba	752	728	750	722
Tostem	2760	2710	2760	2840
Toyo Trust	740	734	735	740
Toyota Motor	3490	3410	3410	3440
Yamanouchi	2580	2510	2550	2490

a: x 100; b: x 1,000

Toronto
TSE Industrials: 6217.44
Previous: 6214.24

	High	Low	Close	Prev.
Abitibi Price	23¼	22.30	23.10	22.30
Alberta Energy	31.40	31	31.10	31.40
Alcan Alum	47.80	47.45	47.60	47.40
Anderson Expl	17	16¾	16.85	17
Bk Montreal	49¾	49.40	49.65	49¾
Bk Nova Scotia	52½	52.15	52.45	52.45
Barrick Gold	34.60	33.65	34.20	35.95
BCE	71.60	71.20	71.30	71¼
BC Telecomm	31	30.80	30.90	30¾
Biochem Pharm	79.65	78	79.65	79.65
Bombardier B	25.70	25½	25.60	25.45
Brascan A	31.35	30.80	31.30	30.60
Bre-x Minerals	25	23.40	23.55	23.95
Cameco	52.20	52	52.05	51.95
CIBC	65¾	65.30	65.70	65¾
Cdn Natl Rail	52¼	51¾	52¼	51.65
Cdn Nat Res	34¾	34.30	34.40	34.10
Cdn Occid Pet	25	24¾	24.70	24.10
Cdn Pacific	35.80	35¼	35.70	35.20
Cominco	38	37.30	38	37.65
Dofasco	24.70	24½	24.55	24.65
Domtar	12	11.85	12	11.90
Donohue A	26	25.90	25.90	26
Du Pont Cda A	32.05	31½	31¾	32¼
Edper Group	22¼	21.65	22.10	21.60
EuroNev Mng	38¾	38¼	38.55	38¼
Fairfax Finl	300	298	299	298
Falconbridge	30½	30.10	30½	30.30
Fletcher Chall A	22½	22¼	22¼	22¼
Franco Nevada	59	58.60	58.90	59.10
Gulf Cda Res	10.95	10½	10.85	10.95
Imperial Oil	64.35	64.10	64¼	64.10
Inco	47½	47¼	47.35	47¼
IPL Energy	40.80	40.45	40.70	40.65
Laidlaw B	18.20	18.05	18.20	18¼
Loewen Group	50½	50.05	50.35	49.40
Macmill Bldl	18¼	17.85	18.20	18.10
Magna Intl A	74.10	72½	73¾	74.10
Methanex	14.15	13.95	14	14.15
Moore	29.90	29½	29¾	30
Newbridge Net	46.10	45¾	45¾	45.85
Noranda Inc	32¾	32.55	32.65	32¾
Norcen Energy	30½	30¼	30.30	30¼
Nthern Telecom	101½	100.30	100.30	100¾
Nova	13	12.90	12.95	13
Onex	24	23¾	24	23.45
Pancdn Petlm	55.80	55	55.80	54.70
Petro Cda	20.80	20.65	20¾	20.60
Placer Dome	28.55	28.30	28.40	28½
Poco Petlm	14.30	14.20	14¼	14.30
Potash Sask	110	109.20	109.20	108¾
Renaissance	44.85	44.35	44.40	44.60
Rio Algom	32.45	32.40	32.45	32.30
Rogers Cantel B	26	26	26	26.40
Seagram Co	55.95	55½	55.70	55½
Shell Cda A	57	55.70	56.55	56½
Stone Consold	23.35	22¾	23.20	22¾
Suncor	60	59½	59½	59.90
Talisman Eny	46.40	46.20	46.35	46.30
Teck B	31	30¾	30¾	31.45
Teleglobe	41½	40	41	41¾
Telus	21¼	21.05	21.10	21.20
Thomson	28.30	28.15	28.30	28¼
TorDom Bank	39.55	39	39.45	39.35
Transalta	16.70	16.40	16.65	16.45
TransCda Pipe	25.60	25.40	25.60	25½
Trimark Finl	45.40	45	45.05	45¼
Trizec Hahn	32.15	32	32.10	32
TVX Gold	11	10.80	10.85	10.85
Westcoast Eny	25.10	24.85	25.10	24.95
Weston	74.45	74	74	74.70

Vienna
ATX index: 1212.20
Previous: 1213.36

	High	Low	Close	Prev.
BBAG	755	749	751	763
Boehler-Uddeh	853	836.05	845	850
Brau-Un Goess	670	660	668	670
Creditanst Pfd	424.60	420	424.60	421
EA-Generali	3451	3430	3435	3450
EVN	1763	1735.10	1756.50	1748
Flughafen Wien	570	563.90	565.50	564
Mayr-Melnhof	620	606	606	617
OMV	1387.90	1371.20	1379.40	1384
Oest Elektriz	871	864.90	868	872.60
Radex-Hera	414	410.10	411	412
VA Stahl	455	446	453	449
VA Tech	1808	1792	1798	1800
Wienerberg Bau	2150	2122	2130	2146
Wolford	1448	1422	1445	1440

Wellington
NZSE-40 index: 2327.84
Previous: 2323.18

	High	Low	Close	Prev.
Air N Zeald B	3.86	3.81	3.86	3.81
Brierly Invt	1.36	1.35	1.36	1.36
Carter Holt ord	3.34	3.26	3.33	3.29
Fletch Ch Bldg	4.50	4.43	4.50	4.50
Fletch Ch Eny	4.09	4.05	4.07	4.09
Fletch Ch Forst	2.20	2.11	2.19	2.11
Fletch Ch Paper	2.90	2.84	2.86	2.83
Lion Nathan	3.63	3.60	3.63	3.60
Telecom NZ	6.90	6.76	6.86	6.91
Wilson Horton	11.20	11.20	11.20	11.20

Zurich
SPI index: 2866.19
Previous: 2839.43

	High	Low	Close	Prev.
ABB B	1833	1816	1829	1828
Adecco B	430	416	420	430
Alusuisse R	1207	1187	1200	1186
Ares-Serono B	1520	1495	1509	1509
Atel R	865	862	865	855
Baloise Hdg R	2920	2878	2900	2900
BK Vision	851	827	845	829
Clariant R	679	671	674	671
Crd Suisse Gp R	152.50	150.50	151.50	150
Elektrowatt B	540	538	540	541
Ems-Chemie	5710	5630	5690	5635
ESEC Hdg	4725	4665	4700	4700
Holderbank B	1090	1077	1080	1089
Nestle R	1657	1630	1649	1629
Novartis R	1779	1747	1764	1747
Pargesa Hld B	1520	1500	1505	1500
PharmVisn B	752	741	750	742
Richemont A	2090	2076	2090	2090
Roche Hdg PC	12780	12580	12710	12570
SBC R	280.50	274.50	280	275.50
SGS B	3355	3330	3345	3340
SMH B	987	965	982	947
Sulzer R	990	978	984	982
Swiss Reins R	1482	1462	1480	1465
Swissair R	1331	1325	1327	1328
UBS B	1320	1296	1319	1293
Winterthur R	884	873	883	873
Zurich Assur R	434	425	432	426.50

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INTERNATIONAL FUNDS

February 17, 1997

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a - asked; o - Offer Prices; N.A. - Not Available; N.C. - Not Communicated; s- New; S - suspended; SIS - stock Split; * - Ex-Dividend; ** - Ex-Rts; - @ Offer Price incl. 3% prelim. charge; - - Perls exchange; ++ -Amsterdam exchange; e - misquoted earlier; r-not registered with regulatory authority; R: Middle of bid and offered price. E: estimated price; y: price calculated 2 days prior to publication; z: bid price.

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Bre-X and Freeport Strike a Deal

Pact Gives Finder 45% Stake in Borneo Gold Deposit

Compiled by Our Staff From Dispatches

JAKARTA — Bre-X Minerals Ltd. said Monday it had reached an agreement with Freeport-McMoRan Copper & Gold Inc. and a group of Indonesian partners that allows Bre-X to retain a 45 percent stake in the world's largest gold find.

The agreement, which requires government approval, marks a reversal of fortunes for Bre-X, a Canadian mining company that had battled to keep control of the project since it discovered the gold deposit on the Indonesian island of Borneo in 1994.

The deal will allow Bre-X to fend off an unsolicited $5 billion takeover offer from Placer Dome Inc. of Canada. Discovery of the gold, known as the Busang deposit, had turned the small Calgary-based Bre-X into a $4 billion company.

The discovery set off a bidding war and a round of political infighting in Jakarta as political interests maneuvered for a piece of the project.

The squabble threatened to cast a chill over foreign investment in Indonesia, analysts and company executives said.

The agreement comes as a blow to the Canadian mining company Barrick Gold Corp., which had been selected by the Indonesian government to be Bre-X's partner in the mine.

Bre-X held off Barrick's advances with the help of Mohammed (Bob) Hasan, a close friend and adviser of Mr. Suharto. A company led by Mr. Hasan and owned by President Suharto bought majority control of two Bre-X partners that will own up to 30 percent of the proposed mine under the agreement.

"There is no doubt that he was instrumental in bringing this project to fruition," the president of Bre-X, David Walsh, said of Mr. Hasan.

The Indonesian minister of mines and energy, I.B. Sudjana, scheduled a news conference for Tuesday to discuss the project. Mining executives in Jakarta said they expected the minister to announce government approval of the agreement.

Under the accord, PT Freeport Indonesia would have a stake of 15 percent and would be the sole operator of the mine, to be called Busang Indonesia Gold JV.

"I believe that the Busang Indonesian Gold JV is the best solution for my country, its people and Bre-X, the company responsible for finding this incredible deposit," the Bre-X statement quoted Mr. Hasan as saying.

Bre-X will not entertain other offers for the project and is determined to work with Freeport, which offered the best plan for development of the site, said John Felderhof, a vice president of Bre-X.

That is a coup for Freeport, which is the largest U.S. investor in Indonesia and operates the Grasberg copper and gold mine in the eastern province of Irian Jaya, the biggest mine of its kind in the world.

Mr. Felderhof said the Busang deposit had an estimated 70.9 million ounces of gold, according to the latest geologists' report.

Bre-X had previously estimated that the deposit totaled 57 million ounces.

Freeport will pay $400 million of the estimated building cost of the mine, and has secured a $1.2 billion loan through Chase Manhattan Bank to pay for the rest of its development, Bre-X said.

(Bloomberg, AFP)

Chip Slump Cuts Into Acer's Profit

Bloomberg News

TAIPEI — Acer Inc., one of the world's 10 largest makers of personal computers, said Monday that net profit dropped about 45 percent in 1996 on lower chip prices and write-offs at its U.S. subsidiary.

The final 1996 profit figure will be "around" Acer's revised forecast of 3 billion Taiwan dollars ($109 million), Vice President Philip Peng said.

Acer earned a record 5.5 billion dollars in 1995.

Profit fell mainly because of lower earnings at Texas Instruments-Acer Inc., he said.

The U.S. affiliate, which manufactures computer memory chips, was hurt by a drop of up to 80 percent in the price of dynamic random-access, or D-RAM, memory chips.

Profit also declined because of inventory write-offs of more than $50 million at Acer's subsidiary, Acer America Corp., based in San Jose, California. The write-offs resulted from slower-than-expected sales of its Aspire model computer.

"This is a regrouping year for them, given the difficulty in the U.S. retails channel they've had," said Jonathan Ross, chief of HG Asia Securities in Taipei.

Acer had halved its 1996 full-year forecast to 3 billion dollars from 6 billion on Aug. 28.

Sales for all of 1996 fell 8 percent from a year earlier, to 57.9 billion dollars. That figure does not include business at subsidiaries, which was well below a target of 68.5 billion dollars posted in August and an earlier 1996 prediction of 80 billion.

Acer's chairman, Stan Shih, told the Economic Daily News he expected combined revenue at Acer Inc. and its affiliates to increase about 20 percent in 1997. Acer will expand production in the United States and Europe, he said.

Acer shares rose 50 cents, to 58.50 dollars.

■ NEC Upbeat on D-RAMs

NEC Corp. believes prices of D-RAM chips will stabilize this year, Reuters reported from Tokyo.

Hajime Sasaki, vice president of NEC, told the Nihon Keizai Shimbun a full-fledged shift to 64-megabit D-RAMs from 16-megabit D-RAMs would occur in mid-1998.

"Prices will not fall further and they will stabilize this year," he said.

He predicted that global demand for D-RAM chips in value terms would show a double-digit increase in 1997, compared with a 7 percent fall last year.

Goldman Investment Lets Asia Shoemaker Run in the Fast Lane

Bloomberg News

HONG KONG — Henry Cornell bet $85 million on the world's biggest maker of Nikes and Reeboks, instead of the brands. So far, he's winning big.

In June, the Goldman, Sachs & Co. managing director made his firm's biggest investment in an Asian company: 244 million shares of Yue Yuen Industrial (Holdings) Ltd. and a stake in its affiliate in Taiwan. Since then, shares in the Hong Kong-based manufacturer have risen 61 percent, more than three times as much as the benchmark Hang Seng Index.

"There are a lot of feet out there to put into Nikes," Mr. Cornell said. "We're not sellers yet."

Yue Yuen will show its mettle Tuesday, when it reports 1996 profit. Chances are, the shoemaker will report a 34 percent rise in net profit, analysts said.

For Goldman and other investors, Yue Yuen is seen as a way to grab some of Air Jordans' market without paying for stocks such as Nike Inc. Yue Yuen's other customers include Reebok International Ltd. and Adidas AG.

To many investors, Nike is more like a consumer brand than a footwear company. Nike trades about 27 times earnings per share, a multiple usually reserved for household names such as McDonald's Corp. Yue Yuen shares, by contrast, trade at about nine times earnings.

Goldman's investment is helping Yue Yuen expand in Vietnam, Indonesia and China, where cheap labor helps to hold down costs. The $55 million the New York-based securities firm put into the company will nearly double Yue Yuen's production to 50 million pairs a year. Sales will rise to almost $1 billion this year from $530 million in the year ended September 1995, analysts say.

"Yue Yuen, which produces for eight of the top 10 brand names, is well positioned to benefit from the higher growth rates of the main brand names," according to Tim Finucane, a research analyst at Nikko Research Center Ltd. in Hong Kong.

In a recent research report, Mr. Finucane said the global market for athletic shoes is growing by as much as 7 percent a year as more and more people in Europe, Latin America and Asia are sporting Nike, Reebok and Adidas shoes.

By expanding production, Yue Yuen will cement its position as one of the world's biggest makers of athletic shoes — it accounts for a third of the branded market — and give the company a share of the growing market for casual footwear.

This year, the Hong Kong company is likely to expand its production capacity by 15 percent, to 145 lines. That will grow to 170 lines next year. So far that expansion is on track, Mr. Cornell said.

All that will be reflected in its earnings Tuesday. According to a survey of analysts published in the Estimate Directory, analysts on average forecast that net profit rose 34 percent to 1.05 billion Hong Kong dollars ($135.5 million).

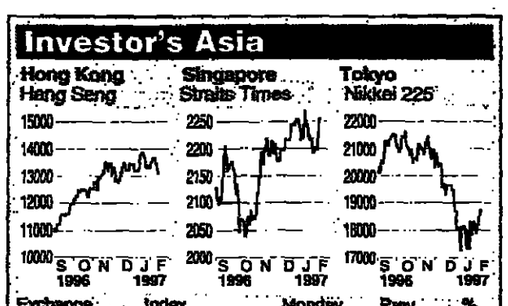
"The expansion is going well. Our money is being put to good use," Mr. Cornell said.

The investment also has paid off for Goldman Sachs, which bought Yue Yuen at 1.77 dollars a share. Since June, Yue Yuen has risen 61 percent, while the benchmark Hang Seng Index rose 18.85 percent. On Monday, Yue Yuen rose 2.5 cents to 3.05 dollars. For Goldman, that is a profit of 319.4 million in eight months.

In addition to investing $55 million in Yue Yuen, Goldman Sachs also paid $30 million for 9.9 percent of Taiwan's Pou Chen Corp., which makes materials for shoes.

That allowed Yue Yuen to buy Pou Chen Corp.'s 55 percent stake in a joint venture, giving the Hong Kong company full control.

Investor's Asia



Exchange	Index	Monday Close	Prev. Close	% Change
Hong Kong	Hang Seng	13,144.62	13,113.26	+0.24
Singapore	Straits Times	2,256.10	2,252.46	+0.16
Sydney	All Ordinaries	2,493.20	2,482.60	+0.43
Tokyo	Nikkei 225	18,750.65	18,722.00	+0.15
Kuala Lumpur	Composite	1,252.48	1,246.91	+0.45
Bangkok	SET	706.20	713.48	-0.74
Seoul	Composite Index	712.93	722.32	-1.30
Taipei	Stock Market Index	7,697.18	7,598.93	+1.16
Manila	PSE	3,314.84	3,322.30	-0.22
Jakarta	Composite Index	701.77	704.48	-0.38
Wellington	NZSE-40	2,327.84	2,323.18	+0.20
Bombay	Sensitive Index	3,590.29	3,521.99	+1.66

Source: Telekurs International Herald Tribune

Very briefly:

• **Daiei Inc.**, Japan's largest retail chain operator, said it would buy 16 outlets of **Yaohan Japan Corp.**, which is restructuring, for 33 billion yen ($265 million).

• **Advanced Semiconductor Engineering Inc.**'s net 1996 profit declined 15.4 percent to 1.97 billion Taiwan dollars ($71.5 million) from 2.33 billion Taiwan dollars a year earlier because of narrower profit margins.

• **Pohang Iron & Steel Co.** signed a preliminary contract to buy businesses from debt-ridden **Sammi Steel Co.** for 719.4 billion won ($822.4 million).

• **Toyota Motor Corp.** said a fire at a key supplier cost it about 70,000 vehicles in lost production, shutting down most of Toyota's Japanese plants for nearly a week this month.

• **Honda Motor Co.** launched two models, the Civic Ferio and the Partner, whose emissions levels are a tenth of what Japan's present regulation allows.

• **Woolworths Ltd.**, Australia's largest supermarket operator, said it would expand its subsidiary, **Australian Independent Wholesalers**, to meet growing demand from independent retailers.

• **China** urged Taiwan to lift a decades-old ban on direct air and shipping links, saying the curbs increased costs by several billion dollars a year.

• **Lite-On Technology Corp.** of Taiwan will re-enter the personal computer business after a two-year hiatus, in a bid to expand its product base and cash in on the island's growing role in the world PC market.

• **Bayerische Motoren Werke AG** reported an 8 percent increase in car sales in Asia to nearly 100,000 units in 1996 despite a difficult year for the luxury-auto sector.

AFP, Bloomberg, AFX, Reuters

Daiwa Cleans House After U.S. Bond Scandal

Reuters

TOKYO — One year after its dramatic expulsion from the United States, Japan's scandal-ridden Daiwa Bank Ltd. is finding its misfortune may in some ways have been a blessing in disguise, analysts said Monday.

The fallout from its $1.1 billion bond-trading loss in the United States, they said, forced the bank to take some of the bitter but necessary restructuring measures that other Japanese banks have been reluctant to put into effect.

"Following its expulsion from the United States and inspections by Japan's Finance Ministry and the Bank of Japan, Daiwa was able to eliminate management risks from its corporate structure," said Yukiko Ohara, analyst at UBS Securities Ltd.

"It could be a model for restructuring at other banks, which still lack a sense of crisis despite the recent fall in their share prices," she said, referring to Daiwa.

In Tokyo, Daiwa's share price closed at 504 yen ($4.04), down from 514 yen.

By the end of March 2000, Daiwa's restructuring efforts are likely to help lift its annual operating profit above 100 billion yen, despite the negative impact of asset reductions overseas, Ms. Ohara said. For the year ending in March 1997, Daiwa forecast operating profit of 80 billion yen.

A Daiwa official agreed that the harm done by the bond-loss scandal was not as great as initially believed.

"We feared that we might suffer substantial damage from the withdrawal from U.S. markets," said Akiyoshi Otani, a Daiwa director. "But the damage was not great. Our customers stayed calm and have been supporting us. The strategies we have taken have not been wrong."

In November 1995, two months after news broke that a Daiwa trader in New York lost $1.1 billion on unauthorized deals, U.S. authorities ordered Daiwa to shut down its U.S. operations. Daiwa pleaded guilty to charges, including conspiracy and fraud, and paid a record $340 million in fines.

Japan's Finance Ministry also placed temporary restrictions on Daiwa's operations and ordered the institution, Japans ninth-largest commercial bank, to work out a drastic streamlining program.

Last April, Daiwa announced a two-year plan that focused on three areas: the Kansai area around Osaka in western Japan, where it has a strong customer base, the Asian market, and the trust business, which includes pension-fund management. Daiwa manages more pension-fund money than any other Japanese bank.

The bank also decided to shut about 36 offices, including 16 overseas, by March 1999, and by the end of September had cut its assets to 16.30 trillion yen from 19.36 trillion yen a year earlier. Daiwa also plans to reduce the number of its employees by about 2,000 by March 2000, from 9,151 in September.

But some analysts insisted the bank's restructuring had not gone far enough, noting it was still saddled with 790 billion yen in problem loans, as of September.

Yushiro Ikuyo, first vice president at Smith Barney International Inc.'s Tokyo branch, said that the expulsion from the United States was bound to damage Daiwa's future business.

"I doubt whether Daiwa can continue to manage its international business without U.S. operations," he said. "The business environment surrounding Japanese banks will become much tougher and Daiwa must make extra efforts to streamline its business, even halving its assets."

Several analysts have suggested that Daiwa's woes may force it to combine with another financial institution. Last month, Moody's Investors Service Inc. said Daiwa and Nomura Securities Ltd., its largest shareholder, may join under the same holding company.

But Mr. Otani of Daiwa dismissed the prospect of a merger, saying that it was "not an issue for us at the moment."

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DIVIDEND ANNOUNCEMENT

THE EUROPE FUND will pay on February 25, 1997 a *dividend of USD 0.50 per unit to all the registered* unitholders.

Units will be traded ex-dividend on February 18, 1997.

The Board of Directors of
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Appeals Court Paves Way for Malaysian Dam

Compiled by Our Staff From Dispatches

KUALA LUMPUR — Malaysia's Court of Appeals on Monday overturned a ruling made last year that threatened to delay construction of the $5.3 billion Bakun Dam hydroelectric project.

The decision paves the way for dam developer Ekran Bhd. and ABB Asea Brown Boveri Ltd., a Swiss-Swedish conglomerate, to start construction work on the dam.

The Court of Appeals said the High Court was wrong to have ruled in June that the Malaysian government did not have the authority to assign officials from the state of Sarawak to oversee environmental impact studies.

The Bakun Dam may be completed ahead of schedule, said Ekran Bhd.'s chairman, Ting Pek Khiing. The dam developer is currently scheduled for completion in 2003. ABB will collect a $2.5 billion bonus if the dam is finished early.

(Bloomberg; Reuters)

FIDELITY GLOBAL SELECTION FUND
Société d'Investissement à Capital Variable
Kansallis House, Place de l'Etoile,
L-1021 Luxembourg
R.C. Luxembourg B 27.223

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Shareholders of Fidelity Global Selection Fund Sicav ("the Company"), organised under the laws of the Grand Duchy of Luxembourg, will be held at the registered office of the Company, Kansallis House, Place de l'Etoile, Luxembourg, at 11.00 am on February 27, 1997, specifically, but without limitation, for the following purposes:

Agenda

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended October 31, 1996;
4. Discharge of the Board of Directors and the Auditor;
5. Election of six (6) Directors, specifically the re-election of Messrs Edward C Johnson 3d, Barry RJ Bateman, Charles TM Collis, Charles A Fraser, Jean Hamilius and Helmert Frans van den Hoven, being all of the present Directors;
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
7. Any other business that may properly come before the Meeting;

Approval of items 1 through 7 of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present of represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Company with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A Shareholder may act at any Meeting by proxy.

Dated: January 27, 1997 By order of the Board of Directors

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WORLD ROUNDUP

Furyk Loses Playoff

GOLF Paul Stankowski rolled in a one-foot birdie putt on the fourth playoff hole to beat defending champion Jim Furyk and win the Hawaiian Open and $216,000.

Mike Reid, a one-stroke leader after three rounds, also made the playoff but was eliminated on the first hole. Stankowski and Reid had made birdie putts on the last hole to create a three-way tie at 271. *(AP)*

Zeros For College Stars

FOOTBALL All-America running back Byron Hanspard and lineman Casey Jones completed last fall's semester at Texas Tech without passing a single course, the Houston Chronicle reported. Both posted 0.00 grade point averages. Hanspard has made himself eligible for the NFL draft. Jones was ruled *ineligible at the start of the season*, but played the final six games after obtaining a series of court orders.

• Lawrence Phillips, the St. Louis Ram running back, was arrested and ticketed for disorderly conduct Sunday in Omaha after he started "cursing and yelling" at police officers who went to his hotel room.

The former University of Nebraska star is serving three years probation after pleading no contest in December to a drunken driving arrest in California. *(AP)*

Australian Club Attacked

SOCCER A leading Australian *soccer player may lose the sight of* one eye after rival fans attacked his team's bus with bottles and rocks.

Angelo Costanzo, an Adelaide City midfielder, will find out Tuesday if he has permanently lost the sight of his left eye. His pupil was cut by flying glass as hooligans pelted the bus. Costanzo, 21, said a gang of up to 20 youths ambushed the bus as it left South Melbourne's home ground after Adelaide City's 2-0 victory in a National Soccer League match

Costanzo was undergoing treatment Monday at a Melbourne hospital, where surgeons removed slivers of glass from his eye.

During the match, a linesman was pelted with bottles and two players were evicted. *(AP)*

Frenchman Wins Solo Yacht Race

Compiled by Our Staff From Dispatches

LES SABLES D'OLONNE, France — Christophe Auguin of France won the Vendee Globe round-the-world single-handed yachting race Monday.

He reached France after 105 days 20 hours 31 minutes and 15 seconds at sea on a record nonstop voyage.

Auguin's yacht, Geodis, crossed the line at 9:33 A.M to finish more than 1,800 nautical miles ahead of his nearest competitor.

Thousands of sailing fans filled this windy Atlantic port on a sunny day to watch Auguin cross the finish line, smiling and waving.

Dressed in a red-and-yellow windbreaker and sporting a beard, the skipper from Normandy appeared fit 3½ months and 26,500 nautical miles after he left Les Sables.

"I feel like I just left yesterday," said Auguin, who celebrated his 38th birthday during the race. But then he added: "One time was enough."

"It's the greatest day of my life, the reward for three months of hard slog," Auguin told the spectators who had gathered at the port Monday morning to cheer him home.

His wife, Veronique, and son, Erwan, were helped onto the boat, and the family sought some privacy behind a sail.

Auguin has won the BOC Challenge round-the-world race twice, but this was his first victory in a race in which sailors are not allowed to stop or make landfall.

The last record belonged to Titouan Lamazou, another Frenchman who won in 1990, racing around Antarctica and back to France in 109 days.

The race takes place every four years, and this time it was filled with harrowing rescues and the likely death of one sailor. Gerry Roufs of Canada, one of 16 initial competitors, has been missing since Jan. 7.

In an interview Sunday, Auguin said by radio: "I'm hoping to have news of Gerry when I arrive. It's not easy to live when you're all alone on your boat and when you know that you have a friend in trouble. It's a difficult thing to go through."

Three Vendee sailors had to be rescued in the Antarctic Ocean — one by a fellow competitor and two by the Australian Navy.

Tony Bullimore, a 57-year-old Briton, waited five days in the cabin of his capsized yacht before rescuers could reach him.

Others who left the race were disqualified for stopping to repair their boats, including one that suffered a broken mast in the rough weather and high seas. The mishaps drew criticism that the race was too dangerous.

Ian Bailey-Willmont, head of the British Whitbread round-the-world race, accused the Vendee organizers recently of being responsible for the accidents and said they were lax in the structural requirements for competing boats.

A working group of boat designers and yachtsmen are to meet this spring to increase safety for the next race, in 2000-2001. *(AFP, AP)*



Paul Sakuma/The Associated Press

Greg Rusedski preparing to unleash a serve against Pete Sampras.

SKATERS: *At 14, U.S. Champion Sees Her Father Once a Month*

Continued from Page 1

athletes but often too young to develop any sophisticated artistry.

"Presentation is what is missing in skating," said Carlo Fassi, who coached 19-year-old Nicole Bobek's resurgent, third-place performance Saturday. "Thirteen- and 14-year-old girls jump beautifully, but they are only jumping. You are a little kid, not a woman."

Asked if winning a title at 14 was too much too soon for Lipinski, Callaghan hesitated before answering.

"I want to say no," he replied. "I think Tara is bright enough to accept that she had a great night and the champion had an off-night. Because she had a great night, she's the champion. But there are a lot of years left in her career, and there will be a lot of highs and lows."

Lipinski had to look no further than Kwan to see the potentially suffocating effects of pressure and expectation. Kwan had been a heavy favorite to win a second straight championship en route to defending her title as world champion. But she fell once on Saturday, became alarmed and fell again.

In four minutes, she lost a title that she had prepared for a year to defend.

The most reliable female skater in the world over the past year, Kwan seemed to lose confidence.

"It wasn't so much the pressure," she said. "I was more frightened after I stumbled. I kind of panicked."

Lipinski appears to be fearless. When she was 5, she watched the 1988 Winter Olympics on television, and she stood on a box at home, pretending that she, too, was on the medal podium.

Asked what made her most nervous about the responsibilities of success, she replied, "Right now, nothing." Yet she had never before won a title, even on the junior level.

Success at 14 has not come without financial, educational and social costs. Lipinski trains in Bloomfield Hills, Michigan, where Callaghan is based, and lives with her mother, Pat, while her father, Jack, an energy company executive, lives in Houston.

She sees her father once a month during the nine-month skating season, Lipinski said, and once a week in the summer. The family refinanced its home several years ago to pay for training costs, which can run beyond $50,000 a year. Lipinski does not attend school, but is taught by three tutors.

"Tara knows I'm sad being away from my husband," Pat Lipinski said in 1994. "It's hard to do; it's lonely. But I'd give my daughter anything. She loves it. And we're seeing results. I can't just demand that she stop. For the rest of my life, I'd have to sit around and think, 'What if?' "

Callaghan, meanwhile, said Tara is sometimes obsessed with perfection.

"She has in her mind that she has to repeat every jump five times before she leaves the arena to feel comfortable with herself," he said. "I don't like that. I've changed that. Tara's a perfectionist. If she doesn't do things right, she gets upset too quickly. It has subsided. I still think she could be easier with herself, but there's no crying."

As young skaters' bodies grow, they may have difficulty landing demanding jumps. Doctors say the 4-foot-8-inch, 75-pound Lipinski should not grow much more, Callaghan said. If she does, he said, without elaborating, "somehow she will control it."

A new rule by the International Skating Union, the governing body for the sport, mandates that competitors at next month's world championships be at least 15. Lipinski, who will turn 15 in June, is eligible because she competed at the 1996 world championships, where she finished 15th overall.

"There are pros and cons," Callaghan said, referring to the age requirements. "You want to be careful that skaters aren't pushed too soon. But you don't want to hold them back if they deserve it. I think, probably, they have to be left alone and, when they peak, be given a chance to win, no matter what age they are."

Sampras Wins as Rusedski Quits

The Associated Press

SAN JOSE— Pete Sampras won his second straight Sybase Open when Greg Rusedski of Britain retired while leading, 6-3, 0-5, 0-30.

Rusedski, ranked No. 39 in the world, said sprained ligaments in his *left wrist had bothered him all week.*

He hit four straight aces to take a 2-1 lead in the first set and broke Sampras in the eighth game of the set. In the second set, Rusedski was broken for the first time in the tournament. He called for a doctor after a second service break, holding his *wrist and grimacing.*





Ross Setford/The Associated Press

England's Nick Knight reeling from a ball from Geoff Allott.

England Chases a Tough Target

Reuters

CHRISTCHURCH, New Zealand — The third and final Test between England and New Zealand enters its last day Tuesday with both teams in a position to win.

England, chasing 305 to win, was 118 for two wickets in its second innings at stumps on the fourth day. Mike Atherton was not out on 65, playing a classic captain's innings. With him was nightwatchman Andrew Caddick.

With fine weather forecast for Tuesday, England needs 187 to win with eight wickets standing. It leads the series, 1-0, after winning the second test by an innings and 68 runs.

When England batted, Atherton, who was 94 not out at the end of England's first innings, received good support initially from Nick Knight and then Alec Stewart, but both fell to the left-arm spin of Daniel Vettori.

Just as England's hopes may hinge on Atherton, so New Zealand's are likely to rest on the shoulders of the 18-year-old left-arm spinner.

He managed to turn the ball a great deal from the patch of rough grass caused by the bowlers' follow-through and troubled all the batsmen, including Atherton. He finished with two wickets for 33 from his 23 overs.

Vettori was also the star of New Zealand's second innings.

In the morning session, the home team had resumed its second innings at a precarious 95 runs for six wickets. Vettori made 29 not out and Chris Cairns hit a typically swashbuckling 52 as the home team reached 186.

England started well against New Zealand's faster bowlers. Then, Knight was caught hitting out at Vettori for 29. Stewart was struck in the face by a rising delivery from Vettori and a few balls later gave a catch to Blair Pocock.

SCOREBOARD

BASKETBALL

NBA Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	Pct	GB
Miami	39	12	.765	—
New York	37	14	.725	2
Orlando	24	24	.500	13½
Washington	23	27	.460	15½
New Jersey	15	35	.300	22½
Philadelphia	12	38	.240	26½
Boston	11	39	.220	27½

CENTRAL DIVISION

Chicago	45	6	.882	—
Detroit	37	13	.740	7½
Atlanta	33	16	.673	11
Charlotte	30	21	.588	15
Cleveland	27	22	.551	17
Milwaukee	24	26	.480	20½
Indiana	23	26	.469	21
Toronto	17	33	.340	27½

WESTERN CONFERENCE

MIDWEST DIVISION

	W	L	Pct	GB
Utah	36	14	.720	—
Houston	33	18	.647	3½
Minnesota	25	26	.490	11½
Dallas	16	31	.340	18½
Denver	17	35	.327	20
San Antonio	12	37	.245	23½
Vancouver	11	43	.204	27

PACIFIC DIVISION

L.A. Lakers	37	14	.725	—
Seattle	35	15	.700	1½
Portland	28	24	.538	9½
Sacramento	23	29	.442	14½
L.A. Clippers	20	27	.426	15
Golden State	19	30	.388	17
Phoenix	19	33	.365	18½

SUNDAY'S RESULTS

Detroit 16 28 18 29— 92
Toronto 29 17 21 22— 89

Det: Hill 7-11 9-12 23, Hunter 7-14 3-3 19, T. Williams 8-17 3-7 22, Comby 8-17 0-3 16, Rasmussen 0-46 (Hill 7-8), T.51 (Rozier 11). Assists-D.18 (Dumars 7), T.29 (Stoudamire 15).

Indiana	19	32	15	14— 80
New York	13	24	17	35— 89

I: Miller 6-19 6-8 20, Best 5-10 4-4 17, N.Y.: Ewing 7-17 9-11 23, L.Johnson 7-11 2-2 16. Rebounds—Indiana 49 (Smits 13), New York 45 (Ewing 8). Assists—Indiana 17 (Allen, Best 3), New York 15 (Childs 8).

Seattle	23	27	19	33—102
L.A. Lakers	26	18	31	16— 91

S: Schrempf 14-18 4-4 34, Payton 8-17 4-5 21; L.A.: Jones 9-17 8-8 26, Campbell 7-15 6-7 20. Rebounds—Seattle 46 (Cummings 8), Los Angeles 48 (Campbell 12). Assists—Seattle 23 (Payton 10), Los Angeles 20 (Van Exel 11).

Phoenix	26	28	28	22— 96
Minnesota	22	23	27	32—107

P: Bryant 9-16 2-3 20, Johnson 6-13 7-9 20; M: Gugliotta 9-14 5-6 22, Garnett 9-13 3-4 21. Rebounds—Phoenix 46 (Bryant 12), Minnesota 55 (Garnett 12). Assists—Phoenix 20 (Johnson 9), Minnesota 30 (Mercury 9).

Orlando	25	21	19	24— 89
Chicago	27	31	21	31—110

O: Hardaway 6-13 6-7 20, Selkaly 5-11 7-12 17; C: Pippen 10-17 1-2 22, Kukoc 7-13 4-4 20. Rebounds—Orlando 40 (Scott 9), Chicago 59 (Rodman 13). Assists—Orlando 14 (Hardaway, Scott 3), Chicago 36 (Pippen 11).

Denver	36	14	33	29—112
Philadelphia	23	23	21	30— 97

D: L.Ellis 13-23 5-8 37, McDyess 8-16 5-6 21; P: MacLean 9-17 5-6 24, Iverson 7-24 1-2 17. Rebounds—D. 61 (Johnson 15); P. 57 (MacLean 13). Assists—Denver 27 (Jackson 14), Philadelphia 21 (Iverson 8).

Golden State	21	19	21	26— 85
Sacramento	22	28	38	33—185

V: Sprewell 8-18 3-7 20, J.Smith 6-17 6-6 18; S: Polynice 11-17 1-2 23, Abdul-Rauf 8-16 2-3 22. Rebounds—Golden State 48 (J.Smith 9), Sacramento 62 (M.Smith 16). Assists—Golden State 14 (Mullin 5), Sacramento 30 (Abdul-Rauf 8).

Boston	27	21	28	30—106
Portland	24	31	24	37—116

B: Walker 9-21 9-12 28, Williams 9-15 8-14 26; P: Rider 13-19 12-13 40, Wallace 9-15 4-5 22. Rebounds—Boston 60 (Walker 14), Portland 45 (Trent 10). Assists—Boston 17 (Wesley 6), Portland 24 (Anderson 9).

Top 25 Results

How the top 25 teams in the AP college basketball poll fared last week:

1. Kansas (25-1) beat Oklahoma State 104-72; beat No. 15 Colorado 114-74. 2. Wake Forest (28-0) beat No. 7 Clemson 55-49; lost to North Carolina State 60-59, OT. 3. Minnesota (22-2) beat Purdue 70-67; beat Iowa 69-66. 4. Kentucky (24-3) beat LSU 84-48; beat Florida 85-56. 5. Utah (19-3) beat Southern Methodist 84-62; beat Texas Christian 94-71.

6. Duke (21-5) beat Virginia 62-61; beat Florida State 89-79. 7. Cincinnati (20-5) lost to No. 2 Wake Forest 55-49; beat Virginia 71-65. 8. Stanford (19-5) beat Washington 82-69; beat Saint Louis 69-56; lost to No. 12 South Carolina 97-83. 9. Iowa State (18-4) beat Missouri 87-69; beat Kansas State 63-58. 10. Maryland (19-4) beat Florida State 73-57; lost to Massachusetts 78-61.

11. Arizona (16-4) lost to No. 24 UCLA 66-64; beat Southern California 101-77. 12. South Carolina (18-6) lost to Georgia 77-74; beat No. 8 Cincinnati 97-83. 13. New Mexico (20-4) beat Rice 81-64; beat Tulsa 57-51. 14. Michigan (17-7) lost to Indiana 84-81, OT. 15. Colorado (17-7) lost to Oklahoma 91-66; lost to No. 1 Kansas 114-74.

16. North Carolina (17-6) beat North Carolina State 45-44; beat Georgia Tech 72-65. 17. Louisville (19-5) beat Houston 70-66. 18. Villanova (18-7) lost to Pittsburgh 75-67; beat Notre Dame 75-70. 19. Xavier, Ohio (18-4) beat Dayton 79-62; beat George Washington 67-76. 20. Illinois (18-7) lost to Wisconsin 62-45; beat Michigan State 79-68.

21. Texas Tech (15-7) beat Texas A&M 80-65; lost to Baylor 77-76, OT. 22. Stanford (15-6) beat Oregon State 67-64; beat Oregon 63-61. 23. Tulane (16-9) lost to Alabama-Birmingham 64-61; lost to Memphis 62-56. 24. UCLA (15-7) beat No. 11 Arizona 66-64; beat Arizona State 72-61. 25. College of Charleston (23-2) beat Florida International 85-81; beat Florida Atlantic 64-60.

HOCKEY

NHL Standings

EASTERN CONFERENCE

ATLANTIC DIVISION

	W	L	T	Pts	GF	GA
Philadelphia	33	16	8	74	188	141
Florida	28	17	13	69	163	133
New Jersey	29	17	9	67	150	131
N.Y. Rangers	28	24	7	63	198	164
Washington	23	28	6	52	150	160
N.Y. Islanders	19	28	10	48	155	167
Tampa Bay	20	29	6	46	150	174

NORTHEAST DIVISION

	W	L	T	Pts	GF	GA
Buffalo	30	19	9	69	165	143
Pittsburgh	30	22	5	65	209	184
Montreal	21	28	11	53	186	214
Hartford	22	28	7	51	161	186
Ottawa	19	26	12	50	158	169
Boston	20	30	7	47	164	201

WESTERN CONFERENCE

CENTRAL DIVISION

	W	L	T	Pts	GF	GA
Dallas	33	21	4	70	176	146
Detroit	27	19	10	64	177	135
St. Louis	27	26	6	60	178	183
Phoenix	26	28	4	56	163	179
Chicago	23	27	8	54	152	151
Toronto	21	35	2	44	164	204

PACIFIC DIVISION

	W	L	T	Pts	GF	GA
Colorado	35	14	8	78	195	133
Edmonton	28	24	6	62	182	164
Vancouver	26	28	2	54	180	191
Calgary	24	28	6	54	155	165
Anaheim	22	29	6	50	161	176
San Jose	20	31	6	46	148	191
Los Angeles	19	31	8	46	154	197

SUNDAY'S RESULTS

Hartford 1 0 1— 2
Ottawa 1 1 2— 4

First Period: O-Alfredsson 20 (Redden, Daigle) (pp). 2, H-Holler 1 (O'Neill) Second Period: O-Bonk 3 (Alfredsson) Third Period: O-Yashin 28 (McEachern, Dackell) 5, H-Dineen 13, 6, O-Comeyworth 9, (en). Shots on goal: H- 10-7-10—27. O- 14-8-9—31. Goalies: H-Burke, O-Rhodes.

Detroit	1	2	1—4
Florida	1	1	0—2

First Period: F-Svehla 11 (Niedermayer, Gustafsson) (pp). 2, D-Shanahan 37 (Larionov, Yzerman) (pp). Second Period: F-Svehla 12 (Gustafsson) (pp). 4, D-Yzerman 16 (McCarty, Larionov) 5, D-McCarty 13 (Lidstrom, Larionov) (pp). Third Period: D-Kozlov 19 (Yzerman, Sandstrom) Shots on goal: D- 7-6-6—19. F- 4-14-4—22. Goalies: D-Osgood, F-Vanbiesbrouck.

Philadelphia	0	2	4—6
Pittsburgh	2	0	0—2

First Period: P-Jagr 45 (Wright, Leroux) 2, P-Tanner 2 (Lemieux, Johnson) (sh). Second Period: P-Klatt 16 (Falloon, Zubrus) (pp). 4, P-LeClair 25 (Druce, Desjardins) Third Period: P-Klatt 17, (sh). 6, P-Druce 7 (Desjardins, Zubrus) 7, P-, Brind'Amour 18 (LeClair, Nikolmaa) 8, P-Renberg 13 (Brind'Amour, Petit) Shots on goal: P- 11-15-14—40, P- 15-6-9—30. Goalies: P-Snow, P-Lalime.

San Jose	0	0	2—2
Buffalo	4	1	1—6

First Period: B-Ward 8 (Peca) (sh). 2, B-Audette 19 (Plante, Galley) (pp). 3, B-Dawe 17 (Zhitnik, Peca) (pp). 4, B-Dawe 18 (Ronan, Wilson) Second Period: B-Audette 20 (Ward, Zhitnik) Third Period: S.J.-Friesen 17 (Errey) 7, B-, Grosek 12 (Plante, Barnaby) 8, S.J.-Nolan 23 (Kraupa) Shots on goal: S.J.- 9-11-13—33. B- 10-19-6—35. Goalies: S.J.-Flaherty. B-Hasek.

CRICKET

ENGLAND TOUR
3D AND FINAL TEST
NEW ZEALAND VS. ENGLAND, 4TH DAY
MONDAY, CHRISTCHURCH

New Zealand: 346 and 186.
England: 228 and 118 for 2 wickets.

AUSTRALIA TOUR
3D DAY OF 3-DAY MATCH
WESTERN PROVINCE VS. AUSTRALIA
MONDAY, IN CAPE TOWN, SOUTH AFRICA

Australia: 439-4 and 175-6
Western Province: 261-5 and 321 all out.
Australia won by 32 runs.

GOLF

Hawaiian Open

Leading scores Sunday after the final round of the dirt 1.2 million Hawaiian Open, played on the 7,012-yard (6,409 meter), par-72 Waialae Country Club course (x-won on fourth playoff hole) at Honolulu:

x-P. Stankowski, U.S.	71-66-64-70—271
J. Furyk, U.S.	70-67-64-70—271
M. Reid, U.S.	63-72-64-71—271
D. Hammond, U.S.	70-68-66-69—273
J. Don Blake, U.S.	68-70-65-70—273
T. Lehman, U.S.	65-69-69-71—274
P. Goydos, U.S.	70-66-71-68—275
L. Porter, U.S.	70-66-67-72—275
J. Durant, U.S.	69-69-69-70—277
P. Azinger, U.S.	67-70-69-71—277
S. Appleby, Australia	67-70-69-71—277
T. Smith, U.S.	72-66-68-71—277

TENNIS

SYBASE OPEN
SUNDAY, IN SAN JOSE, CALIFORNIA
FINAL

Pete Sampras (1), United States, def. Greg Rusedski (7), Great Britain, 3-6, 5-0, retired.

SOCCER

WORLD CUP QUALIFIERS
OCEANIA ZONE
FIRST ROUND

Solomon Islands 4, Tonga 0

SPANISH FIRST DIVISION

Deportivo Coruna 0 Atletico Madrid 0

ITALIAN FIRST DIVISION

Reggiana 0 Parma 0

هذا من الأصل

SPORTS

Youngster Wins the Daytona 500

The Hendrick Team Takes Race's Top 3 Places

Compiled by Our Staff From Dispatches

DAYTONA BEACH, Florida — Everybody could sense the three-driver conspiracy starting to form as the lead cars bore off Turn 1 with five laps left in the 39th Daytona 500 Sunday.

But nobody could have imagined that the maneuver would lead to Jeff Gordon becoming the youngest winner in the race's history, or that ailing owner Rick Hendrick would finish one-two-three, as Gordon wound up in front of teammates Terry Labonte and Ricky Craven.

The race was memorable for the slice of luck that kept Gordon from getting lapped halfway through the race — and also for a wreck that featured crusty Dale Earnhardt bolting from an ambulance and putting his battered car back in the show.

A crowd estimated at 140,000 was not treated to the usual down-the-stretch thrills, because the last of six pileups, on Lap 197, meant the last four laps were raced under the caution flag.

At 25 and with a Winston Cup points championship already under his belt, Gordon has accomplished more than many of NASCAR's legendary drivers did at a comparable age.

He wiped out one of the numerous records of Richard Petty, who was 26 in 1964 when he won the first of his seven Daytona 500s.

The decisive moment came when the Hendrick trio ambushed leader Bill Elliott shortly after the start of Lap 195. Gordon went low, Labonte and Craven high. "Bill didn't know who to block," Gordon said.

When Gordon slipped by Elliott, Craven's draft momentum helped push Labonte into second place. Craven, who started just two places from the back of the pack in the 42-car field, also slipped by Elliott.

"They ganged up on me," a dejected Elliott said as he carried his daughter, Chase, from the garage area. "But I'm proud of finishing fourth."

Gordon spoke to Hendrick by cellular phone before pulling into victory lane. Hendrick, 47, is undergoing treatment for a rare form of leukemia at his home in North Carolina.

HENDRICK, the nation's largest car dealer, also is under indictment on federal charges that include mail fraud and money laundering. He is accused of bribing executives of American Honda Motor Co. in return for favorable treatment in getting hot-selling cars.

With his third Daytona 500 victory, Hendrick became the first owner to have cars in the top three spots. His cars were 1-2-4 in 1989, when Darrell Waltrip finished ahead of Ken Schrader, and Geoff Bodine was fourth.

Earnhardt crashed 15 laps from the finish when he was battling Gordon for the position behind Bill Elliott. As they came off the high-banked second turn Gordon was on the inside and Earnhardt up along the wall.

Suddenly, Earnhardt's Chevrolet was upside down, bouncing along on its roof, being banged around like a billiard ball by Ernie Irvan and Dale Jarrett.

The car flipped back on its wheels and after sliding to a stop, Earnhardt climbed out and got in the ambulance.

"I felt like I was O.K., and when I looked back over at the car, I said, 'Man, the wheels ain't knocked off that car yet,' " Earnhardt said. "I got out of the ambulance, walked over there and told the guy in the car to see if it would fire up.

"It fired up and I said, 'Get out.' I got in and we took off after 'em. You've got to get all the laps you can. That's what we're running the championship for.

"I hate it we tore up the race car, but I'm sure the guys can build another one. We'll be ready to come back next week and win at Rockingham."

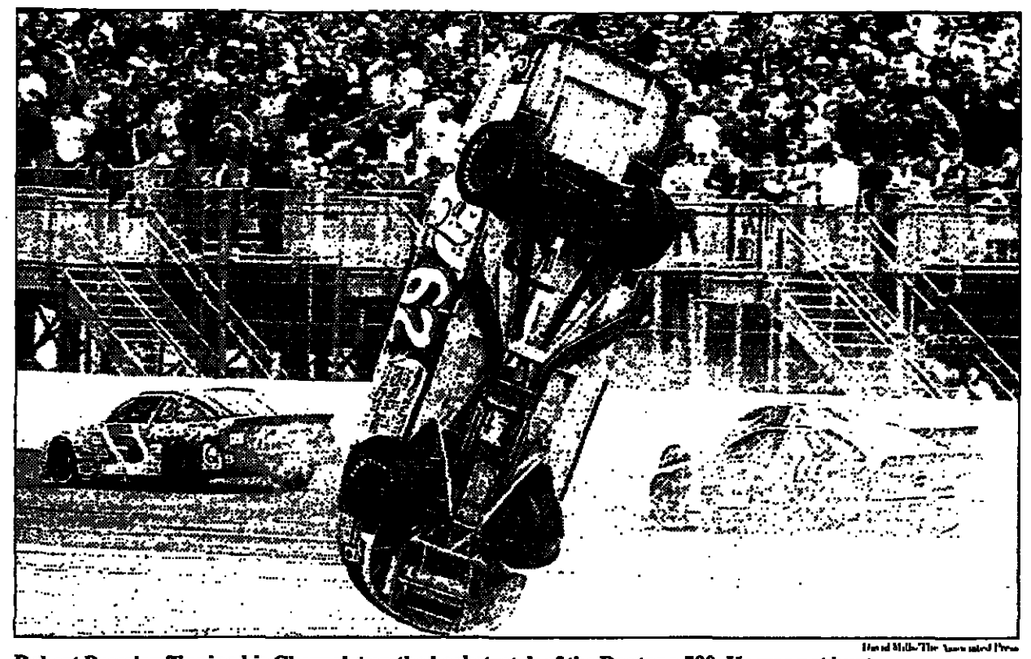
Although he lost five laps, Earnhardt finished the race in 31st place. Earlier, he had led 48 laps.

"When we came off of turn two, Gordon was on the inside of me and got up against me tight. My car pushed and scuffed the wall a little bit. I got back into him a little, and I checked off the throttle. Somebody behind me turned me, and when it turned sideways it started going on its top."

After the race, Earnhardt said he thought Gordon showed a little impatience.

"I'm sure I didn't do anything that Dale wouldn't have done," Gordon said. "What I did didn't cost him the wreck. I had the inside line, we were both racing for position. Sure, it was awfully tight, we both wanted that second place. When I saw him slide up a little and open the door, I jumped at it.

"When he hit the wall, I thought he might collect me, but I was lucky he hit me square on the side. If he'd hit me at a little angle, he could have spun me around and got me involved, too. That was plain old good fortune. It takes things to happen like that to win the Daytona 500." *(WP, LAT)*



Harold Mills-The Associated Press

Robert Pressley flipping his Chevrolet on the backstretch of the Daytona 500. He was not hurt.

Loss Could Make Magic Coach Vanish

The Associated Press

Orlando lost another game to Chicago and possibly its coach, too.

Scottie Pippen scored 22 points and Toni Kukoc added 20 Sunday, sending the Bulls to a 110-89 home victory over the Magic.

It was Orlando's n its fourth straight loss, triggering reports that Brian Hill was on his way out as Magic coach.



Vincent Laforet/AFP

Dennis Rodman on the Bulls' bench in the victory over Orlando.

John Gabriel, the Orlando General manager, said Hill would coach Monday night's game at Charlotte but hinted that Hill's future was being examined.

"As far as Brian being fired at this moment," Gabriel said, "it's false. We're going to evaluate a lot of things, all parts of our basketball operations. We're going to try to make some improvements."

Hill led the Magic to the NBA finals in 1995. This year, without Shaquille O'Neal, Orlando is only 24-24.

Chicago beat Orlando by the same 110-89 score earlier this season, when the Magic was without injured Penny Hardaway, Horace Grant and Nick Anderson. All three were healthy this time, yet Orlando was no match for the Bulls.

Hardaway scored 20 points for the Magic, who went into last weekend's All-Star break riding a 12-2 streak.

Michael Jordan had 19 points, 10 assists and eight rebounds. He also had four steals, moving him past Alvin Robertson into third place on the NBA career list with 2,113.

Sonics 102, Lakers 91 Detlef Schrempf scored 10 of his 34 points in the fourth quarter as Seattle won in Los Angeles. Gary Payton scored 19 of his 21 points in the second half for the Sonics who were without Shawn Kemp, serving his one-game suspension for throwing a punch at Houston's Kevin Willis on Friday night.

NBA Roundup

Timberwolves 107, Suns 96 At Minneapolis, Tom Gugliotta was back in All-Star form, scoring 23 points for Minnesota. He had gone a combined 9-for-32 in Minnesota's first two games since the All-Star break, but he shot 9-for-14 with seven assists and seven rebounds.

Knicks 89, Pacers 80 In New York, Patrick Ewing scored 23 points, and the Knicks held Indiana without a field goal over the final 10:12.

New York outscored Indiana 35-14 in the fourth quarter. Knicks guards John Starks, Allan Houston, Chris Childs and Charlie Ward combined for 27 points in the quarter after being held to eight points through the first three periods.

Pistons 92, Raptors 89 Grant Hill had 23 points and 18 rebounds and Joe Dumars scored visiting Detroit's final nine points. Damon Stoudamire, who had 14 points and 15 assists for Toronto, missed a 3-pointer at the buzzer.

Nuggets 112, 76ers 97 In Philadelphia, LaPhonso Ellis scored a career-high 37 points as Denver broke a three-game losing streak. 76ers' rookie Allen Iverson had 17 points and eight assists, but shot only 7-of-24.

Kings 105, Warriors 86 Olden Polynice scored 23 points and Mahmoud Abdul-Rauf had 22, including 18 in the second half as Sacramento beat visiting Golden State. Mitch Richmond added 19 points to pass 15,000.

Trail Blazers 118, Celtics 106 In Portland, Isaiah Rider hit 14 of his season-high 40 points in the fourth quarter for the Trail Blazers. He made 13-of-19 shots from the field and 12-of-13 free throws.

Flyers Humble the Penguins Twice

The Associated Press

Even without Eric Lindros, the Philadelphia Flyers beat the Pittsburgh Penguins, 5-1 in Philadelphia on Saturday and then 6-2 at Pittsburgh on Sunday.

"We play different when Eric is out of there," the Philadelphia center Rod Brind'Amour said. "He's such a great player, we tend to rely on him. But when he's out, we have to rely on everyone."

Lindros has been sidelined with a bad back, which he strained in last Thursday's 4-2 victory over Ottawa. The Flyers' captain hopes to get back against Hartford on Wednesday.

"If you go through a stretch of games without him, everybody gives a little more," said the Flyers' coach, Terry Murray. "But you don't want to go for the long haul without him because you're going to miss a top player like him. He's big, he's very big."

Trent Klatt scored twice for the Flyers on Sunday after the Penguins had taken an early 2-0 lead. The Flyers rallied with six straight goals.

Jaromir Jagr scored his NHL-leading 45th goal and Chris Tamer added a shorthanded goal, but the Penguins couldn't protect a lead and lost their fourth in a row and seventh in 11 games.

Mario Lemieux, the NHL scoring leader, had three good scoring chances in the opening 90 seconds, but failed to put the puck into the net for Pittsburgh.

"This weekend was a big challenge and test for us, and we failed it," Lemieux said. "We have a long way to go as a team, and I think there's a gap between the two teams right now."

NHL Roundup

Red Wings 4, Panthers 2 Darren McCarty assisted on the tying goal and then scored the game-winner in the second period to lead visiting Detroit over Florida.

Tied at 2-2, the Red Wings took the lead on their second power-play goal at 17:00 of the second period. McCarty's 13th goal of the season, a soft backhander, squibbed between the legs of goaltender John Vanbiesbrouck. Vyacheslav Kozlov scored his 19th with 1:45 remaining in the game.

The Panthers' defenseman Robert Svehla scored power-play goals in each of the first two periods to give Florida a 2-1 lead before Steve Yzerman tied it for Detroit with McCarty's help.

The Panthers were missing five regulars because of injury and were playing for the second night in a row.

Senators 4, Whalers 2 Alexei Yashin and Randy Cunneyworth scored third-period goals as Ottawa beat visiting Hartford.

Yashin gave the Senators a 3-1 lead when he beat goaltender Sean Burke with a wrist shot at 12:55 for his 28th goal.

Kevin Dineen pulled Hartford within a goal with 1:44 remaining, but Cunneyworth got his ninth goal, into an empty net, with 21 seconds to go.

The victory moved the Senators within two points of Washington for the eighth and final playoff spot in the Eastern Conference.

Sabres 6, Sharks 2 Jason Dawe and Donald Audette each scored twice as the Sabres scored five goals in the first 23 minutes to beat visiting San Jose.

Dixon Ward and Michal Grosek also scored for the Sabres, who extended their unbeaten streak to nine games — their longest in seven years — and remained in first place in the Northeast Division.

Dominik Hasek made 31 saves for Buffalo.

Jeff Friesen broke up Hasek's shutout on a wrist shot between the legs with 10:06 left in the game.

Owen Nolan added another goal for the Sharks, who have lost four straight.

Referees Miss the Point as Wake Forest Loses

The Associated Press

With four teams ranked in the Top Ten, the Atlantic Coast Conference is clearly the best conference. Its officials, aren't reaching the same standards.

For the second time in a week, a blown call in the closing seconds determined the outcome of an ACC game.

This time, the mistake dropped No. 2 Wake Forest out of first place in the conference.

Clint Harrison of North Carolina State was given credit for a 3-pointer at the buzzer in overtime — even though he clearly stepped inside the arc — and the Wolfpack beat Wake Forest by one point — 60-59 — Sunday.

Officials Sam Croft, Raymie Styons and Mike Wood looked at each other, agreed that it was a 3-pointer and ran off the floor on Wake's home court.

Last Tuesday, Duke beat Virginia 62-61 when the officials mismanaged the clock on an attempted substitution in the final moments. The ACC suspended the three officials involved in that incident for one game each.

College Basketball

Harrison scored 21 points for the Wolfpack (10-12, 2-11), which had lost all eight of its ACC road games. Tim Duncan had 25 points and 18 rebounds for Wake Forest (20-3, 9-3), which fell half a game behind ACC leader Duke.

"This is a difficult loss, but nobody died," Demon Deacons coach Dave Odom said.

No. 13 New Mexico 57, Tulsa 51 Charles Smith scored 18 points and the Lobos (20-4, 9-3 Western Athletic Conference) reached 20 wins for the eighth time in nine years.

Indiana 84, No. 14 Michigan 81 A.J. Guyton scored 31 points as Indiana (20-7, 7-6 Big Ten) rallied from an 18-point halftime deficit. Guyton made a tie-breaking jumper with 26 seconds left in overtime. Jerod Ward missed a final 3-pointer for Michigan (7-7, 7-5).

DENNIS THE MENACE



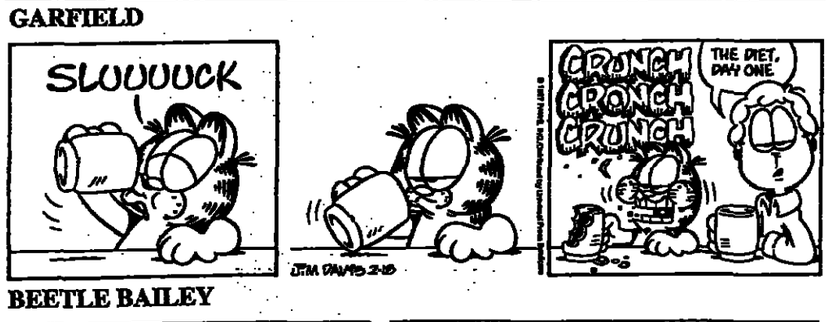
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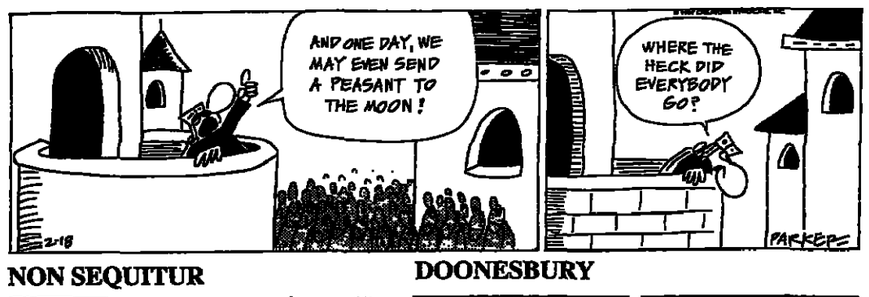
CALVIN AND HOBBES



GARFIELD



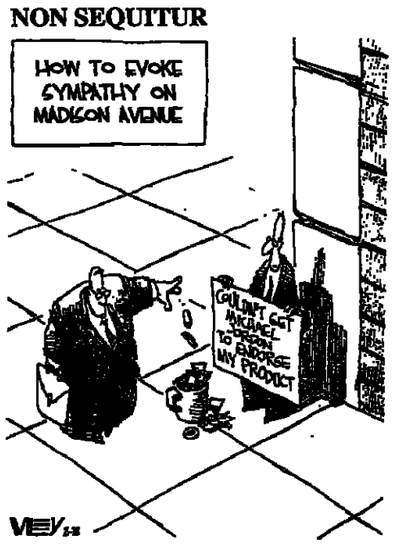
WIZARD of ID



BEETLE BAILEY



NON SEQUITUR



DOONESBURY



BLONDIE



JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Mike Argirion

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

COUFS

YEELG

DAWTOR

SYMFIL



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer: A _____ _____ (Answers tomorrow)

Yesterday's Jumbles: CHAMP TRYST HELPER GALLEY
Answer: How a successful diet salon CEO operates — ON A LARGE SCALE

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ART BUCHWALD

Bronco Ride Ends

WASHINGTON — The remaining dregs of the O.J. saga were played out on television last week. Prosecutors, defense lawyers, trial lawyers, accountants and jurors were all having their final say as our long national nightmare was drawing to a close.


Buchwald

Chris Decateur and I sat on the couch feeling very depressed.

"What do we do now?" he asked. "We needed O.J. Simpson more than he needed us."

"I don't want to live in a world without Marcia Clark, Chris Darden and Bruno Magli shoes," I said.

Decateur said, "We all knew that someday it would be over, but we didn't want to face it. Like fools we thought that the white Bronco ride would go on forever."

□

I said, "When the glove didn't fit O.J., I thought we were guaranteed a mistrial. That would have given us two more years on Court TV."

Decateur said, "How can television make it up to us for taking away our bread and circuses?"

"There is a show on NBC that tells the true story of a murder in Texas. It's called 'Love's Deadly Triangle: The Texas Cadet Murder.' One of the accused murderers is a naval cadet and the other is a cadet at the Air Force Academy. The person they killed was a beautiful high school student."

"I'm not interested in watching a fictitious melodrama on TV after O.J."

"It's not fictitious," I told him. "It's a true story of passion and homicide committed by two allegedly rotten people who, thank God, never made it as officers in the armed forces."

"Were they tried and convicted?" I asked.

"No, that's the point. They haven't even come to trial, yet. NBC is showing us an enactment of the crime before the jury is sworn in."

"I don't think that that's fair."

□

"There's nothing fair about TV. It's show business — and even the news is now put to music. NBC's philosophy is that if a person is accused of committing a crime, the networks have a duty to show the public how they think it was done, even if the trial hasn't taken place."

"So TV programmers are saying that none of us is innocent until proven guilty?"

"It depends on what the ratings are. They are much better when the person on the screen is portrayed as a killer rather than an innocent bystander."

"Well, let's watch it. If it is a success, I'll bet we'll see hundreds of shows where the networks try the accused before the courts can even round up a jury."

□

We tuned in the program and saw the two cadets living their alleged guilt-ridden lives in Texas after the crime. Toward the end we were treated to scenes of the murder which were brutal and sickening.

There couldn't have been a person watching who wasn't convinced of the depths of the guilt of both cadets.

Decateur and I agreed, if you can't get O.J. Simpson, you have to take anything the networks give you.

Dramatic License: The George Wallace 'Story'

By Rick Bragg
New York Times Service

MONTGOMERY, Alabama — In one scene, a black servant, ice pick in hand, stands behind a seated George Wallace and briefly considers stabbing him in the back for the pain he has caused black people in the struggle over civil rights.

In another, an older, wheelchair-bound Wallace goes to the home of an old political nemesis to beg forgiveness but is turned away. He then attempts suicide by trying to roll his wheelchair off the high porch.

Those graphic, gothic scenes, in a television movie about the life of Wallace that is now being filmed by Turner Network Television, drip with Southern pathos. The problem with them, say the former Alabama governor, his son and others who have seen the movie's script, is that the events they depict never occurred.

"It's falseboods and lies," said Wallace, who long ago apologized for his segregationist ideals but whose name remains synonymous with them.

It is not the portrayal of him as a rigid opponent of desegregation that Wallace and his family are protesting. That man, his friends and associates say, is well documented.

Instead, it is the ice-pick scene, along with the film's portrayal of an older George Wallace, after a gunman's 1972 assassination attempt had crippled him. The movie's script, seen by some members of the family, depicts a man desperate and suicidal.

The movie, "George Wallace," is the latest of a number of films on historical figures that do not strictly adhere to actual events. And the family is considering a lawsuit to stop the showing of it if the disputed scenes are included in the final cut.

"Say what you want about the schoolhouse," said Wallace's son, George Jr., referring to the governor's "stand in the schoolhouse door" to try to block the admission of black students to the University of Alabama in 1963. "We want them to tell the truth — the good, the bad and the ugly. But do not make things up that did not occur."


The Associated Press
George Wallace, in 1975, announcing his 1976 presidential candidacy, from a wheelchair.

The two sides accuse each other of wanting to rewrite history in the twilight of Wallace's life. The 77-year-old former governor has spent the last third of that life in wheelchairs and hospital beds, and is now so deaf that people communicate with him mostly in writing.

The filmmakers acknowledge that the two scenes most offensive to the Wallace family do not describe actual occurrences, and say they are not intended to be taken that way. Rather the scenes are dramatic vehicles of a kind necessary to illustrate broader truths about Wallace's life and times.

Like others working on the movie, its Emmy-winning director, John Frankenheimer, notes that it is a drama, after all, and not a documentary. Frankenheimer says that he considers the film, to be shown on the TNT basic cable channel in August, an accurate portrayal of Wallace and that the two scenes most at issue "are symbolic" of what was happening at the time both to him and to the country.

In any event, "for anybody to try and judge a movie script without seeing the movie is a sign of pure amateurism," said Frankenheimer, whose feature films include "The Manchurian Candidate" and "Seven Days in May."

But Wallace and others are far from convinced.

For one thing, they believe that the servant in the ice-pick sequence is modeled not on a composite of black rage, as the filmmakers contend, but instead on Wallace's longtime aide, Eddie Holcey, a paroled prisoner who in real life became the governor's good friend.

The attempted-suicide scene, Wallace associates say, is equally fanciful. In that scene, set in the late 1970s, a despondent Wallace goes to the home of another former governor, Big Jim Folsom, to apologize for some of the things he has said and done as a political adversary. After Folsom refuses to come to the door, Wallace tries to roll his wheelchair off the edge of the porch. He is stopped by an aide.

"They say my best friend wanted to kill me with an ice pick and that I tried to commit suicide," Wallace said by telephone. "The movie's false."

Mark Carliner, the executive producer, says the Wallace family is "misrepresenting those two scenes."

"The scene they refer to as the ice-pick scene, that is a scene about anger and resentment, about a lot more than George Wallace," Carliner said. "In our film, the black voice is represented by this character. If you can say that among the population in Alabama in 1963 there was no anger, then that scene would be inappropriate and misleading."

Similarly, Frankenheimer said, the attempted-suicide scene is intended "to dramatize the despondency and despair he was in."

Frankenheimer and Carliner say Wallace's depression, in the painful years after his shooting, is well documented. But Wallace's associates say he is just too tough to have ever considered killing himself.

"I don't think much of Hollywood," Wallace said.

George Wallace Jr. said his father's real story was "dynamic and dramatic enough, replete with triumph, suffering and forgiveness," and did not need such dramatization.

The film is based in part on Marshall Frady's biography of Wallace, and stars Gary Sinise (the crippled Vietnam veteran of "Forrest Gump") in the title role. Although the Wallace Foundation, based in Montgomery, provided the filmmakers some historical information, the Wallace family has no direct involvement in the movie, and no script approval rights. "I really don't care if we have the blessing of the Wallace family or not," Frankenheimer said.

Frankenheimer described Wallace as "a spokesman and spearhead of some of the most shameful history in our country." The film, he said, shows that man's transformation.

"The theme of the picture at the end of the day is forgiveness," he said. "This is a movie about a man who changed, who asked for forgiveness."

But it is the way the film chronicles that change, and the face it puts on Wallace, that rankles his son and others. A whole generation has come of age since he was last a visible national figure, and his legacy will be at least partly shaped by the film.

Frankenheimer recalled that he spoke with Wallace before filming began. "He said, 'I hope I'm alive to see it.' And I said, 'I hope you are, too.' I think he's going to be very pleased with it."

Unlikely, Wallace and his family say. "He's suffered enough," his son said. "There's a part of me that just wants him to be left alone. I know it will never happen."


Nelson Machin/Reuters
Roseanne playing Cleopatra at the Hollywood celebration of Liz's career and life.

PEOPLE

HOLLYWOOD turned out in force to help **Elizabeth Taylor** celebrate her 65th birthday at a benefit gala for her favorite cause, AIDS. **Hugh Grant** got things off to a spirited start by introducing a retrospective of Taylor's career and life. "What a body of work. Let's face it, what a body," he said. Taylor, dressed all in green, was escorted by friend and new dad **Michael Jackson**, who composed a song for the occasion called "Elizabeth." The magician **David Copperfield**, the singers **Harry Connick Jr.**, **Patti LaBelle** and **Rod Stewart**, and the actor **Kevin Bacon** also entertained. Taylor, whose actual birthday is Feb. 27, is scheduled to have brain surgery for a benign tumor later this week. The black-tie benefit raised more than $1 million for the Elizabeth Taylor AIDS Foundation. Held at Hollywood's Pantages Theatre, it will be televised Feb. 24.

□

"Stanley" dominated Britain's Laurence Olivier awards, getting a boost for its Broadway opening later this week. The play, based on the life of the English painter Sir Stanley Spencer, took four awards. Among them, the playwright **Pam Gems** took the award for best new play, while **Antony Sher** won best actor. The best musical award went to the mega-budget "Martin Guerre," from the creators of "Les Miserables" and "Miss Saigon." **Janet McTeer** won best actress for "A Doll's House," which goes to Broadway later this season. "Tommy," the stage version of The Who's rock opera, won three awards. "Art," a three-character play by Paris-based **Yasmina Reza**, was named best comedy.

□

It seems that **Courtney Love** has **Vaclav Havel** to thank for her starring role in "The People vs. Larry Flynt." Director **Milos Forman**, who was in Germany over the weekend for the Berlin Film Festival, said he cast Love despite her lack of acting experience after showing screen tests to his friend the Czech president. In the film, Love plays **Althea Flynt**, the troubled wife of Hustler publisher **Larry Flynt**. "I had three finalists and was leaning toward Courtney, but I wasn't completely sure," the Czech-born Forman said, adding that Havel's enthusiastic endorsement of Love had clinched the choice.

□

An autographed script of the last episode of "Cheers" was stolen from a Boston charity auction where many of the guests wore party masks. **George Wendt**, who played **Norm** on the NBC comedy, donated the script to the Handel & Haydn Society, a classical orchestra and chorus. It had been autographed by the entire "Cheers" cast. The script was stolen while a hotel security guard took a telephone call. It had received a high bid of $1,000.

□

Whitney Houston stormed off her husband **Bobby Brown**'s tour bus in the middle of Utah after a screaming match during his recent tour, according to People magazine. Brown and his reunited band New Edition had a late January performance in Albuquerque and were traveling to their next date in Salt Lake City when Houston and Brown started screaming at each other. Brown reportedly told the driver to pull off the highway. Houston and her entourage flew back to Los Angeles, the magazine said.

□

Nothing like swishing down an icy track at breakneck speed, protected by little more than a metal can, to give **Prince Albert** a sense of fulfillment. "Bobsledding has been an incredible adventure for me. I've learned so much in terms of my personal development," the 38-year-old heir to the throne of Monaco said after testing the new bobsled-luge run at Utah's Winter Sports Park. "When you are an athlete competing at a high level, you get to know yourself pretty well. In competing with others, you get to understand other people well, too."



stays mainly in the plain.

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